You should read this section in conjunction with our audited combined financial information, including notes thereto, as set forth in Appendix I — "Accountants' Report." The financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please see the section entitled "Risk Factors" in this prospectus.

OVERVIEW

Our Group is principally engaged in construction business in Hong Kong as a main contractor. With an operating history of over 37 years, we have been providing civil engineering construction services to the public and private sectors in Hong Kong which is our core business. Our civil engineering construction works include (i) waterworks; (ii) roads and drainage works; (iii) landslip preventive and remedial works to slopes and retaining walls; and (iv) utilities civil engineering works, for the public and private sectors in Hong Kong. We have also been engaged in certain contract works for building construction and maintenance, but as part of the effort to ensure clear delineation of business activities between our Group and the Retained Vantage Group after the Spin-off, our Group will continue to focus on civil engineering construction business which is our core business and shall cease to engage in building construction and maintenance works except for TW7 Project which is expected to be completed in mid-2014.

FACTORS AFFECTING OUR GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe the most significant factors affecting our results of operations and financial conditions are as follows:

- **Spending from the public and private sectors on civil engineering works**

  Our civil engineering construction business largely depends on the Government's public spending as well as spending from the private sector to construct and maintain waterworks, roads and drainage works, landslip prevention works and other infrastructure in Hong Kong. Reduction in the expenditures on civil engineering works will reduce the demand for civil engineering construction works in Hong Kong which may also affect the prices for our services. With a reduction in demand and/or lowering in contract sums, our business, financial condition and results of operations, future growth in revenue, gross profit and cash flow may be adversely affected.

- **Ability to control and manage our costs**

The main component of our contract costs is sub-contracting fees paid to our sub-contractors. During the Track Record Period, our sub-contracting fees amounted to approximately HK$604 million, HK$625 million, HK$945 million and HK$616 million respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. Accordingly, our profitability depends significantly on our ability to control and manage our sub-contracting fees. We enter into sub-contractor agreements with our sub-contractors which specify the amount or the agreed calculation of sub-contracting fees after securing project contracts. However, our contracts were mainly secured by way of tender. When we submit our tender or our initial proposals to our potential customers, we need to estimate the corresponding contract costs (which mainly include sub-contracting fees). Normally we discuss with and get quotes from sub-contractors to have a better estimate on the required sub-contracting fees before making tender to our customers. However, the actual contract costs (including sub-contracting fees) will not be determined until after we have entered into agreements with our sub-contractors and may be different from our estimation due to shortage of labour and materials and other unforeseen reasons. In the event that the contract costs (including sub-contracting fees) increase unexpectedly during the time lag, our financial performance and profitability will be adversely affected.

- **Progress to complete projects according to specifications, quality and safety standards**

Our projects must be completed in accordance with customers' specifications, quality standards, safety measures and the time frame. Failure to comply with any of these requirements may make us liable to pay penalties or damages, which may not only tarnish our reputation but also have an adverse effect on our profitability.

BASIS OF PRESENTATION

On 21 November 2013, our Company became the holding company of the subsidiaries now comprising our Group pursuant to the Reorganisation, details of which are set out in the sub-paragraph headed "Statutory and General Information — Further Information about our Company — Reorganisation" in Appendix IV to this prospectus. The Reorganisation involved business combinations of entities under common control before and immediately after the Reorganisation. Our Group resulting from the Reorganisation is regarded and accounted for as a continuing group. Accordingly, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Period have been prepared on a combined basis by applying the principles of merger accounting and include the financial information of the companies now comprising our Group as if the current group structure had been in existence throughout the Track Record Period. The combined statements of financial position of our Group as at 31 March 2011, 2012 and 2013 and 31 July 2013 have been prepared on a combined basis by applying the principles of merger accounting to present the assets and liabilities of our Group as at the end of the reporting periods as if the current structure of our Group had been in existence at those dates. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

CRITICAL ACCOUNTING POLICIES

Our Group's financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The preparation of our Group's financial information in conformity with HKFRSs requires our Group's management to adopt accounting policies and make estimates and assumptions that affect amounts reported in our Group's financial information. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The following paragraphs discuss the critical accounting policies applied in preparing our Group's financial information:

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably, on the following bases:

(a) from construction, renovation and other contracts, based on the percentage of completion basis, as further explained in the accounting policy for "Construction, renovation and other contracts" below;

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(c) management fee income is recognised when the management fee services are rendered.

Construction, renovation and other contracts

Contract revenue comprises the agreed contract sum and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of sub-contracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price contracts is recognised on the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the relevant contracts.

Revenue and profit recognition on contract works is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Based on our Group's past experience and the nature of the contract activities undertaken by our Group, our Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. As a result, until this point is reached, the amount due from customers for contract works will not include profit which our Group may eventually realise from the work performed to date. In addition, actual outcomes in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of each of the Track Record Period, which would affect the revenue and profit recognised in future years.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract works. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract works.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of Hong Kong Accounting Standard 39 ("**HKAS 39**") are classified as loans and receivables. Our Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that our Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Our Group's financial assets include accounts and other receivables, deposits, amounts due from a joint venture and the Retained Vantage Group, a pledged deposit and cash and cash equivalents.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss.

Impairment of financial assets

Our Group assesses at the end of each of the Track Record Period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings. Our Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Our Group's financial liabilities include accounts and other payables, an amount due to Vantage and interest-bearing bank loans.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period, taking into consideration interpretations and practices prevailing in the countries in which our Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Track Record Period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

SUMMARY OF OPERATING RESULTS

The table below sets out a summary of our combined statements of comprehensive income during the Track Record Period, which was derived from the Accountants' Report as set out in Appendix I to this prospectus:

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

REVIEW OF OUR GROUP'S OPERATING RESULTS

Contributions from civil engineering works and building construction and maintenance

We are principally engaged in civil engineering construction business. However, due to the overall strategies and considerations of the Vantage Group, in particular, on diversification of risks and establishing track records on different nature of construction projects among member companies of the Vantage Group, we have also been engaged in certain contract works for building construction and maintenance.

As a result, during the Track Record Period, we derived our revenues from contract works for both civil engineering and building construction and maintenance.

The tables below set out a breakdown of our revenue, contract costs and gross profit from each category described above during the Track Record Period:

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

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

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

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

During the Track Record Period, all of our contracts undertaken for both civil engineering construction business and building construction and maintenance business were for customers which are Independent Third Parties including certain departments of the Government, public utilities companies, and private organisations in Hong Kong, and we acted as the main contractor for all such contracts.

For our civil engineering construction business, we completed 9 projects during the Track Record Period, and had 13 significant projects in progress as at the Latest Practicable Date. During the Track Record Period, for the sub-contracting arrangement we entered into for the execution of our civil engineering construction projects, all the relevant sub-contractors were Independent Third Parties, except for the TKO Project which we sub-contracted to the Retained Vantage Group. For the TKO Project, we recorded revenue of approximately HK$8,056,000, HK$1,177,000, nil and nil, and gross profit of approximately HK$242,000, HK$35,000, nil and nil respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013.

For our building construction and maintenance business, during the Track Record Period, we were engaged in only two building construction projects, both of which were related to private residential property developments by independent property developers, namely MOS Project which was completed in March 2011 and TW7 Project which started in August 2011 and is expected to be completed by mid-2014. We sub-contracted both MOS Project and TW7 Project to the Retained Vantage Group, further information for which are set out in the sections headed "Relationship with Controlling Shareholders" and "Connected Transactions" in this prospectus. In addition, we were also engaged in certain building maintenance works of relatively small contract sums during the Track Record Period, for which we recorded revenue of approximately HK$338,000, HK$186,000, HK$1,010,000 and HK$2,150,000 for each of the three years ended 31 March 2013 and the four months ended 31 July 2013.

Upon the Listing, our Group shall not take up any new building construction projects and maintenance works and shall not engage in building construction and maintenance works except for TW7 Project which is expected to be completed in mid-2014.

Our revenue

We derive our revenues during the Track Record Period from contract works for civil engineering and building construction and maintenance.

Our overall turnover derived from our business has increased from approximately HK$673.2 million for the year ended 31 March 2011 to approximately HK$690.0 million for the year ended 31 March 2012 and further increased to approximately HK$984.3 million for the year ended 31 March 2013, representing an overall CAGR of approximately 20.9% from 2011 to 2013. Our overall turnover has also increased from approximately HK$326.7 million for the four months ended 31 July 2012 to approximately HK$654.0 million for the four months ended 31 July 2013.

Our revenue from civil engineering works has shown an increase from approximately HK$302.2 million for the year ended 31 March 2011 to approximately HK$476.9 million for the year ended 31 March 2012, and experienced a slight drop to approximately HK$459.4 million for the year ended 31 March 2013 which represented approximately 44.9%, 69.1% and 46.7% of the total revenue for each of the years ended 31 March 2013, 2012 and 2011 respectively. Our revenue from civil engineering works has shown an increase from approximately HK$144.5 million for the four months ended 31 July 2012 to approximately HK$218.9 million for the four months ended 31 July 2013 which represented approximately 33.5% of the total revenue for the four months ended 31 July 2013. That was because during the Track Record Period we have gained award of a number of civil engineering projects, including the replacement and rehabilitation project for WSD in West Kowloon, Kwai Tsing and Tsuen Wan, with commencement of works in April 2011, which have contributed to the increase in revenue from civil engineering works generally. Despite the steady increase in project pipeline for our civil engineering works during the Track Record Period, there was a slight drop in revenue for such business of us for the year ended 31 March 2013 as compared to that for the previous year. This was mainly due to the timing factor in recognition of revenue for the projects then on hand, as well as the allocation of some of our Group's resources to execute TW7 Project, which could otherwise be used for other potential civil engineering works opportunities.

Our revenue from building construction and maintenance works decreased from approximately HK$371.0 million for the year ended 31 March 2011 to approximately HK$213.1 million for the year ended 31 March 2012, representing approximately 55.1% and 30.9% of total revenue respectively, because MOS Project was completed in March 2011 and accordingly a relatively small portion of revenue from such project was reflected during the year ended 31 March 2012. However, the revenue increased to approximately HK$524.9 million for the year ended 31 March 2013, representing approximately 53.3% of the total revenue, since another building construction contract works, TW7 Project, commenced in August 2011 and was in full swing during the year ended 31 March 2013, a large portion of revenue from such project was reflected during the year ended 31 March 2013. Our revenue from building construction and maintenance works increased from approximately HK$182.3 million for the four months ended 31 July 2012 to approximately HK$435.1 million for the four months ended 31 July 2013 because large portion of revenue from TW7 Project was reflected during the four months ended 31 July 2013.

Our contract costs

While sub-contracting fees constituted the majority of our contract costs for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, our contract costs also included costs for direct materials, direct labour and certain variable and fixed construction overheads. During the Track Record Period, breakdown of our contract costs were as follows:

	Year ended 31 March			Four months ended 31 July	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sub-contracting fees	603,673	624,986	944,769	293,115	615,933
Less: Net movement of gross amount due from customers and accruals of costs for contract works	(17,658)	(31,893)	(64,888)	667	(2,567)
Others	41,635	47,993	48,904	20,217	16,245
	627,650	641,086	928,785	313,999	629,611

The cost of sub-contracting fees has increased from approximately HK$603.7 million for the year ended 31 March 2011 to approximately HK$625.0 million for the year ended 31 March 2012 and further increased to approximately HK$944.8 million for the year ended 31 March 2013, representing an overall CAGR of approximately 25.1% from 2011 to 2013. The contract costs increased from approximately HK$314.0 million for the four months ended 31 July 2012 to approximately HK$629.6 million for the four months ended 31 July 2013. Such increase in sub-contracting fees was generally in line with the growth of our business.

The cost of sub-contracting fees represent charges and fees paid to our sub-contractors and services providers which provide labour, materials and services necessary for the completion of the projects undertaken by us. In the event that the materials are purchased for the use of the sub-contractors, material costs will be deducted from the cost of sub-contracting fees accordingly.

Our gross profit

Gross profit increased by approximately 7.6% from approximately HK$45.5 million for the year ended 31 March 2011 to approximately HK$49.0 million for the year ended 31 March 2012 and further increased by approximately 13.4% to approximately HK$55.5 million for the year ended 31 March 2013. Our gross profit increased by approximately 91.7% from approximately HK$12.7 million during the four months ended 31 July 2012 to approximately HK$24.4 million during the four months ended 31 July 2013. The increase in gross profit was in line with the growth in revenue during the Track Record Period. Gross profit generated from civil engineering works increased by approximately 8.5% for the year ended 31 March 2013 as compared to that of the previous year despite a slight drop in revenue from such line of business, due mainly to execution of civil engineering construction projects of slightly higher gross profit margin during the year. Gross profit generated from civil engineering works increased by approximately 81.4% for the four months ended 31 July 2013 as compared to that of the four months ended 31 July 2012 due to increase in revenue from a civil engineering construction project of a higher gross profit margin during the four months ended 31 July 2013.

The gross profit margin for civil engineering works for our Group was generally higher than that for building construction and maintenance works. Depending on the revenue mix of the relevant financial year, our overall gross profit margin percentage may vary accordingly.

The higher gross profit margin for civil engineering works in the two years ended 31 March 2011 and 31 March 2012 was mainly attributable to a WSD project, namely 5/WSD/07. The project was located at Mid-levels where the access for the construction works was relatively difficult. Our Group has implemented an effective method of construction to overcome the difficult access problem and hence achieved certain savings in the relevant project costs and generated a relatively higher profit margin. The amount of revenue recognised during the Track Record Period attributable to this project was approximately HK$124 million. The gross profit margin for civil engineering works has experienced a slight decrease from approximately 11.0% during the year ended 31 March 2013 to approximately 9.1% during the four months ended 31 July 2013, mainly because we managed to employ a less costly method in carrying out certain works for a project under R&R Programme to achieve certain savings in construction works costs, which resulted in the recognition of additional gross profit for this project in the year ended 31 March 2013 that might otherwise have been recognised in previous financial years. Excluding the slight distortion from this factor, the gross profit margin for civil engineering works for the year ended 31 March 2013 and that for the four months ended 31 July 2013 would have been quite steady.

The gross profit margin for building and maintenance works was mainly contributed by our building construction works for MOS Project which completed in March 2011 and TW7 Project which commenced in August 2011 and is currently in progress. Due to certain historical strategic reasons, our Group agreed to take 0% and 1% of the total contract sums of MOS Project and TW7 Project respectively as our profit share for the projects and sub-contracted both projects to the Retained Vantage Group, further information for which are set out in the sections headed "Relationship with Controlling Shareholders" and "Connected Transactions" in this prospectus.

Our other income and gains

Other income and gains represent mainly interest income, management fee income and gain on changes in fair values of investment properties. During the Track Record Period, breakdown of our other income and gains are as follows:

	Year ended 31 March			Four months ended 31 July	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest income					
— reimbursement from the Retained Vantage Group for TW7 Project	—	33	1,848	337	168
— from the Retained Vantage Group for other purposes	—	76	71	—	—
— from banks	96	176	137	47	47
	96	285	2,056	384	215
Management fee income from the Retained Vantage Group					
— for staff cost reimbursement for TW7 Project	—	1,320	9,880	3,678	2,458
— for charging back management fee paid to Vantage attributable to MOS Project and TW7 Project	—	1,535	4,146	1,382	—
	—	2,855	14,026	5,060	2,458
Management fee income from a joint venture, Excel-China Harbour JV	2,220	250	660	—	—
Gain on changes in fair value of investment properties	140	60	40	—	—
Sundry income	150	157	191	40	610
	2,606	3,607	16,973	5,484	3,283

We received interest reimbursement of approximately HK$33,000, HK$1,848,000 and HK$168,000 for the years ended 31 March 2012 and 2013 and the four months ended 31 July 2013, respectively, from the Retained Vantage Group, at the same amounts as charged by the banks on us for the loans used to finance purchases of materials for the use of the

Retained Vantage Group as the sub-contractor of TW7 Project. Since June 2013, we have ceased financing the Retained Vantage Group for material purchases for TW7 Project and we will no longer receive such interest reimbursement from the Retained Vantage Group after the Listing.

We received staff cost reimbursement of approximately HK$1,320,000 for the year ended 31 March 2012, HK$9,880,000 for the year ended 31 March 2013 and HK$2,458,000 for the four months ended 31 July 2013 from the Retained Vantage Group, on cost basis for the staff of our Group we provided to the Retained Vantage Group for execution of TW7 Project. As TW7 Project is still in progress and is expected to be completed by mid-2014, after Listing, we will continue to provide our staff to and hence receive staff cost reimbursement from the Retained Vantage Group until completion of the project, and this staff cost reimbursement arrangement will constitute continuing connected transaction for us upon Listing. Further information relating to this staff cost reimbursement is set out in the section headed "Connected Transactions" in this prospectus.

During the three years ended 31 March 2013, as disclosed in relation to the paragraph "Our administrative expenses" in this section, we paid management fee to Vantage for sharing of the Vantage Group's corporate expenses which were allocated among operating subsidiaries of Vantage based on the respective entities' revenue amounts for each financial year. In this connection, as MOS Project and TW7 Project were sub-contracted to the Retained Vantage Group, to recover such portions of management fee paid by us in relation to certain amounts of revenue attributable to MOS Project and TW7 Project, we charged back approximately HK$1,535,000 for the year ended 31 March 2012 and HK$4,146,000 for the year ended 31 March 2013 as management fee income from the Retained Vantage Group. Since April 2013, we have ceased paying management fee to Vantage for sharing corporate expenses of the Vantage Group and as a result there is no need for us to charge back any corresponding amount from the Retained Vantage Group after March 2013.

We received management fee income of approximately HK$2,220,000 for the year ended 31 March 2011, HK$250,000 for the year ended 31 March 2012, HK$660,000 for the year ended 31 March 2013 and nil for the four months ended 31 July 2013 for the provision of staff from our Group to Excel-China Harbour JV for project management.

Our administrative expenses

Administrative expenses mainly include salaries and wages, depreciation of property, plant and equipment, management fee to Vantage and other miscellaneous administrative expenses. During the Track Record Period, the administrative expenses amounted to approximately HK$18.3 million, HK$18.8 million, HK$22.7 million and HK$11.2 million for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively.

The following table sets forth the breakdown of our administrative expenses during the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2011	2012	2013	2012	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Staff costs	9,563	10,168	12,094	3,084	5,423
Depreciation	1,095	871	596	220	161
Management fee to Vantage	6,181	6,286	7,790	2,596	—
Auditors' remuneration	220	250	268	—	—
Legal and professional fee	111	74	132	—	34
Bank charges	39	174	81	19	12
Listing expenses	—	—	—	—	5,140
Others	1,055	1,016	1,717	283	478
	18,264	18,839	22,678	6,202	11,248

Staff costs, which primarily include director's remuneration, salaries and bonus and pension scheme contributions, amounted to approximately HK$9.6 million, HK$10.2 million, HK$12.1 million and HK$5.4 million for the years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013, respectively.

The management fee to Vantage during the three years ended 31 March 2013 was mainly for sharing the portion of corporate expenses of the Vantage Group attributable to our Group, which mainly represented the salaries and bonus of Vantage's executive directors in relation to their overall management of the Vantage Group, and were allocated among operating subsidiaries of Vantage based on the respective entities' revenue amounts for each financial year. The management fee paid to Vantage amounted to approximately HK$6.2 million, HK$6.3 million and HK$7.8 million for the years ended 31 March 2011, 2012 and 2013 respectively, which was in line with the increase in revenue during the three years ended 31 March 2013. Based on respective revenue amounts ratio, for our Group's management fee paid to Vantage for each of the three years ended 31 March 2013 respectively, the amounts attributable to our Group's civil engineering business would be approximately HK$2,774,000, HK$4,344,000 and HK$3,636,000 respectively, and the amounts attributable to our Group's building construction and maintenance business would be approximately HK$3,407,000, HK$1,942,000 and HK$4,154,000 respectively. Since April 2013, we have ceased paying management fee to Vantage for sharing corporate expenses of the Vantage Group.

Our finance costs

Finance costs represent interest on bank loans and bank overdrafts wholly repayable within five years.

Part of our bank loans borrowed during the two years ended 31 March 2013 and the four months ended 31 July 2013 were used to finance purchase of materials for the use of the Retained Vantage Group as the sub-contractor in relation to the execution of TW7 Project. In this connection, the corresponding amounts of finance costs paid by us amounted to approximately HK$33,000 for the year ended 31 March 2012, HK$1,848,000 for the year ended 31 March 2013 and HK$168,000 for the four months ended 31 July 2013, respectively, which were fully reimbursed by the Retained Vantage Group and recorded by us as part of the interest income from the Retained Vantage Group, as disclosed in relation to our other income and gains in this section. Since June 2013, we have ceased financing the material purchases for the use of the Retained Vantage Group for TW7 Project.

Our income tax expense

During the Track Record Period, our Group's income tax expense amounted to approximately HK$4.9 million, HK$5.5 million, HK$7.9 million and HK$3.5 million respectively. Income tax expense represents the tax expense arising from the assessable profit generated by our Group in Hong Kong. The Hong Kong profit tax rate was 16.5% for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. Our Group had no other tax payable in other jurisdictions during the Track Record Period.

The increase in the income tax expense of our Group during the Track Record Period was primarily due to the increase in profit before tax from approximately HK$29.9 million for the financial year ended 31 March 2011, to approximately HK$33.7 million for the financial year ended 31 March 2012 and further increased to approximately HK$47.9 million for the financial year ended 31 March 2013. The profit before tax increased from approximately HK$11.7 million in the four months ended 31 July 2012 to approximately HK$16.2 million in the four months ended 31 July 2013.

Our Group's effective tax rates remained stable at approximately 16.4% for the three years ended 31 March 2013 but increased to approximatley 21.7% for the four months ended 31 July 2013, because we recognised approximately HK$5.1 million of listing expenses during such period, which were of capital nature and hence not tax deductible.

Further details are set out in note 12 to the Accountants' Report in Appendix I to this prospectus.

PERIOD TO PERIOD COMPARISON OF OPERATING RESULTS

Four months ended 31 July 2013 compared with four months ended 31 July 2012

Revenue

Our revenue increased by approximately HK$327.3 million, or 100.2%, from approximately HK$326.7 million for the four months ended 31 July 2012 to approximately HK$654.0 million for the four months ended 31 July 2013 due to the increase in revenue from the building construction contract works for TW7 Project and to a lesser extent from other civil engineering contract works. TW7 Project contributed an aggregated revenue of approximately HK$433.0 million for this period, while it only contributed an aggregated revenue of approximately HK$173.7 million for the corresponding period in prior year during which TW7 Project was at its relatively early stage.

Contract costs

Our contract costs increased by approximately HK$315.6 million, or 100.5%, from approximately HK$314.0 million for the four months ended 31 July 2012 to approximately HK$629.6 million for the four months ended 31 July 2013. Such increase was in line with our revenue growth during the four months ended 31 July 2013, which resulted in more works being sub-contracted to sub-contractors.

Gross profit and gross profit margin

As a result of revenue growth, our gross profit increased by approximately HK$11.7 million or 91.7%, from approximately HK$12.7 million for the four months ended 31 July 2012 to approximately HK$24.4 million for the four months ended 31 July 2013, while our gross profit margin remained relatively stable with slight decrease from approximately 3.9% to approximately 3.7%.

Other income and gains

Other income and gains decreased by approximately HK$2.2 million from approximately HK$5.5 million for the four months ended 31 July 2012 to approximately HK$3.3 million for the four months ended 31 July 2013. The decrease was mainly due to the cessation of paying management fee to Vantage for sharing corporate expense of the Vantage Group since April 2013 and as a result there was no charge back of the corresponding amount from the Retained Vantage Group as part of our other income and gains. Further information relating to the management fee received from the Retained Vantage Group is set out in the paragraph "Our other income and gains" in this section.

Administrative expenses

Administrative expenses increased by approximately HK$5.0 million or 81.4%, from approximately HK$6.2 million for the four months ended 31 July 2012 to approximately HK$11.2 million for the four months ended 31 July 2013. The increase was attributable to the net effect of (i) the increase in staff costs from approximately HK$3.1 million for the four months ended 31 July 2012 to approximately HK$5.4 million for the four months ended 31 July 2013 due to the increase in the number of our employees; (ii) listing expenses of approximately HK$5.1 million being recognised in the four months ended 31 July 2013; and (iii) the cessation of paying management fee to Vantage for sharing corporate expense of the Vantage Group since April 2013.

Finance costs

Finance costs decreased by approximately HK$0.1 million from approximately HK$0.3 million for the four months ended 31 July 2012 to approximately HK$0.2 million for the four months ended 31 July 2013. The decrease was due to the cessation of financing the material purchases for the use of the Retained Vantage Group for TW7 Project since June 2013.

Income tax expense

Income tax expense increased by approximately HK$1.6 million from approximately HK$1.9 million for the four months ended 31 July 2012 to approximately HK$3.5 million for the four months ended 31 July 2013. The increase was mainly attributable to the increase in profit before tax from approximately HK$11.7 million for the four months ended 31 July 2012 to approximately HK$16.2 million for the four months ended 31 July 2013.

The effective tax rate increased from approximately 16.4% in the four months 31 July 2012 to approximately 21.7% in the four months ended 31 July 2013 due to the capital nature of the listing expenses recognised during the four months ended 31 July 2013, which made such expenses not tax deductible.

Profit attributable to owners of the parent

As a result of the above factors, profit for the year attributable to owners of the parent increased by approximately HK$2.9 million, or 30.1% from approximately HK$9.8 million for the four months ended 31 July 2012 to approximately HK$12.7 million for the four months ended 31 July 2013. Our net profit margin decreased from approximately 3.0% for the four months ended 31 July 2012 to approximately 1.9% for the four months ended 31 July 2013, which was mainly due to the listing expenses of approximately HK$5.1 million charged to our expenses in the period.

Financial year ended 31 March 2013 compared with the financial year ended 31 March 2012

Revenue

Our revenue increased by approximately HK$294.3 million, or 42.6%, from approximately HK$690.0 million for the year ended 31 March 2012 to approximately HK$984.3 million for the year ended 31 March 2013. The increase was mainly attributable to the building construction contract works for TW7 Project which commenced during the second half of the year ended 31 March 2012 and was in full swing during the year ended 31 March 2013.

Contract costs

Our contract costs increased by approximately HK$287.7 million, or 44.9%, from approximately HK$641.1 million for the year ended 31 March 2012 to approximately HK$928.8 million for the year ended 31 March 2013. Such increase was in line with our revenue growth during the year ended 31 March 2013, which resulted in more works being sub-contracted to sub-contractors.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately HK$6.5 million or 13.4%, from approximately HK$49.0 million for the year ended 31 March 2012 to approximately HK$55.5 million for the year ended 31 March 2013, while our gross profit margin decreased from approximately 7.1% to approximately 5.6%, which was primarily due to the fact that the gross profit margins derived from certain building construction contract works, that had significant revenue contribution during the year ended 31 March 2013, were relatively lower than that of our Group's other civil engineering construction works during the same period.

Other income and gains

Other income and gains increased by approximately HK$13.4 million from approximately HK$3.6 million for the year ended 31 March 2012 to approximately HK$17.0 million for the year ended 31 March 2013. The increase was mainly due to TW7 Project which commenced in August 2011 and was in full swing during the year ended 31 March 2013. As a result of TW7 Project, our Group recorded an increase in management fee income received from the Retained Vantage Group from approximately HK$2.9 million for the year ended 31 March 2012 to approximately HK$14.0 million for the year ended 31 March 2013 for reimbursement of staff cost of our Group's certain staff working for the Retained Vantage Group and for charging back certain corporate expenses, as further disclosed in relation to the paragraph "Our other income and gains" in this section.

Administrative expenses

Administrative expenses increased by approximately HK$3.9 million or 20.4%, from approximately HK$18.8 million for the year ended 31 March 2012 to approximately HK$22.7 million for the year ended 31 March 2013. This increase was primarily due to the increase in staff costs.

Our staff costs increased to approximately HK$12.1 million for the year ended 31 March 2013 compared to approximately HK$10.2 million for the year ended 31 March 2012, mainly due to the increase in the number of our employees.

Finance costs

Finance costs increased by approximately HK$1.9 million from approximately HK$33,000 for the year ended 31 March 2012 to approximately HK$1.9 million for the year ended 31 March 2013. The increase was mainly attributable to the increase in interest-bearing bank loans during the year ended 31 March 2013.

Income tax expense

Income tax expense increased by approximately HK$2.4 million from approximately HK$5.5 million for the year ended 31 March 2012 to approximately HK$7.9 million for the year ended 31 March 2013. The increase was mainly attributable to the increase in profit before tax from approximately HK$33.7 million for the year ended 31 March 2012 to approximately HK$47.9 million for the year ended 31 March 2013.

The effective tax rate remained steady at approximately 16.4% for the years ended 31 March 2012 and 2013.

Profit attributable to owners of the parent

As a result of the above factors, profit for the year attributable to owners of the parent increased by approximately HK$11.9 million, or 42.2%, from approximately HK$28.2 million for the year ended 31 March 2012 to approximately HK$40.1 million for the year ended 31 March 2013. Our net profit margin remained stable at approximately 4.1% for the two years ended 31 March 2013.

Financial year ended 31 March 2012 compared with the financial year ended 31 March 2011

Revenue

Our revenue increased mildly by approximately HK$16.8 million, or 2.5%, from approximately HK$673.2 million for the year ended 31 March 2011 to approximately HK$690.0 million for the year ended 31 March 2012.

Revenue derived from civil engineering works was approximately HK$476.9 million for the year ended 31 March 2012, representing an approximate growth of HK$174.7 million from approximately HK$302.2 million for the year ended 31 March 2011. The increase was primarily contributed by the revenue contribution from the commencement of the replacement and rehabilitation project for the WSD in West Kowloon, Kwai Tsing and Tsuen Wan during the year ended 31 March 2012.

Our revenue from building construction and maintenance works decreased from approximately HK$371.0 million for the year ended 31 March 2011 to approximately HK$213.1 million for the year ended 31 March 2012. Such decrease in revenue was mainly attributable to the completion of a building construction project in March 2011, which offset the increase in revenue from civil engineering works in 2012.

Contract costs

Our contract costs increased by approximately HK$13.4 million, or 2.1%, from approximately HK$627.7 million for the year ended 31 March 2011 to approximately HK$641.1 million for the year ended 31 March 2012. Such increase was in line with our revenue growth during the year ended 31 March 2012, which resulted in more works being sub-contracted to sub-contractors.

Gross profit and gross profit margin

As a result of revenue growth, our gross profit increased by approximately HK$3.5 million or 7.6%, from approximately HK$45.5 million for the year ended 31 March 2011 to approximately HK$49.0 million for the year ended 31 March 2012, while our gross profit margin remained relatively stable with slight increase from approximately 6.8% to approximately 7.1%.

Other income and gains

Other income and gains increased from approximately HK$2.6 million for the year ended 31 March 2011 to approximately HK$3.6 million for the year ended 31 March 2012, mainly because our Group started receiving management fee income from the Retained Vantage Group in connection with TW7 Project which commenced in August 2011. Further information relating to the management fee received from the Retained Vantage Group is set out in the paragraph "Our other income and gains" in this section.

Administrative expenses

Administrative expenses increased slightly by approximately HK$0.5 million or 3.1%, from approximately HK$18.3 million for the year ended 31 March 2011 to approximately HK$18.8 million for the year ended 31 March 2012, which was in line with our mild revenue growth.

Finance costs

Finance costs represent interest on bank loans and overdrafts wholly repayable within five years of approximately HK$33,000 for the year ended 31 March 2012.

No finance costs was recorded for the year ended 31 March 2011 because no interest bearing bank loan was drawn down by our Group during the year ended 31 March 2011.

Income tax expense

Income tax expense increased by approximately HK$0.6 million from approximately HK$4.9 million for the year ended 31 March 2011 to approximately HK$5.5 million for the year ended 31 March 2012. The increase was mainly attributable to and in line with the increase in profit before tax from approximately HK$29.9 million for the year ended 31 March 2011 to approximately HK$33.7 million for the year ended 31 March 2012.

The effective tax rate remained stable at approximately 16.4% for the years ended 31 March 2011 and 2012.

Profit attributable to owners of the parent

As a result of the above factors, profit for the year attributable to owners of the parent increased by approximately HK$3.2 million, or 12.9%, from approximately HK$25.0 million for the year ended 31 March 2011 to approximately HK$28.2 million for the year ended 31 March 2012. Our net profit margin improved slightly from approximately 3.7% for the year ended 31 March 2011 to approximately 4.1% for the year ended 31 March 2012, mainly due to the higher gross profit achieved as we increased our revenue mildly for the year ended 31 March 2012.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our working capital needs primarily through internally generated cash flows, bank borrowings and funding from Vantage. Our primary uses of cash are for funding the operation of our projects and our working capital for general corporate purpose. Upon the completion of the Share Offer, our source of funds will be a combination of internally generated funds, bank loans and net proceeds from the Share Offer. As at the Latest Practicable Date, we had not experienced any difficulty in raising funds by bank loans and we had not experienced any liquidity problems in settling our payables in the normal course of business and repaying our bank loans when they fall due.

The following table is a condensed summary of our combined statements of cash flows for the periods indicated:

	Year ended 31 March			Four months ended 31 July	
	2011	**2012**	**2013**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net cash flows from/(used in) operating activities	4,608	130,071	(35,232)	(106,662)	(70,605)
Net cash flows from/(used in) investing activities	(377)	(73,235)	(45,790)	(7,964)	110,953
Net cash flows from/(used in) financing activities	—	18,736	59,900	49,621	(78,636)
Net increase/(decrease) in cash and cash equivalents	4,231	75,572	(21,122)	(65,005)	(38,288)
Cash and cash equivalents at beginning of year/period	71,144	75,375	150,947	150,947	129,825
Cash and cash equivalents at end of year/period	75,375	150,947	129,825	85,942	91,537

Net cash flows from/(used in) operating activities

Our major operating cash flows are derived mainly from revenues from contract works undertaken by us. Our Group derives its cash inflow from operating activities principally from the receipt of payments from contract work and the sources of cash outflow from operations mainly include sub-contracting fees, purchase of materials and direct labour.

Our cash from operating activities reflects profit before tax for the year, mainly adjusted for finance costs, depreciation of property, plant and equipment, gain on disposal of items of property, plant and equipment, gain on changes in fair value of investment properties, the effect of changes in working capital, interest income and expense and Hong Kong profits tax paid.

For the four months ended 31 July 2013, our cash generated from operations consisted of cash flow from operating activities of approximately HK$16.2 million before net negative changes in working capital of approximately HK$86.7 million. Net negative changes in working capital primarily consisted of the combined effects of (i) an increase in accounts receivable of approximately HK$60 million as a result of the revenue growth; and (ii) a decrease in accounts payable HK$35.1 million. Such outflows were partially offset by the decrease in prepayments, deposits and other receivables of HK$9.8 million.

For the year ended 31 March 2013, our cash used in operations consisted of cash flow from operating activities of approximately HK$48.3 million before net negative changes in working capital of approximately HK$74.4 million. Net negative changes in working capital primarily consisted of (i) an increase in gross amount due from customers for contract works of approximately HK$48.2 million as a result of timing difference in billing; and (ii) an increase in accounts receivable of approximately HK$100.4 million because of increased revenue for the year ended 31 March 2013. These outflows were partially offset by the increase in accounts payable of approximately HK$104.6 million due to the increase in sub-contracting fees payable in 2013 arising from increased contract works.

For the year ended 31 March 2012, our cash generated from operations consisted of cash flow from operating activities of approximately HK$34.2 million before net positive changes in working capital of approximately HK$99.7 million. Net positive changes in working capital primarily consisted of (i) an increase in gross amount due from customers for contract works of approximately HK$32.9 million as a result of timing difference in billing; and (ii) an increase in accounts receivable of approximately HK$36.8 million because of increased revenue for the year ended 31 March 2012. These outflows were offset by the increase in accounts payable of approximately HK$167.9 million due to the increase in sub-contracting fees payable in 2012 arising from increased contract works.

For the year ended 31 March 2011, our cash generated from operations consisted of cash flow from operating activities of approximately HK$30.7 million before net negative changes in working capital of approximately HK$21.1 million. Net negative changes in working capital primarily consisted of (i) an increase in gross amount due from customers for contract works of approximately HK$3.9 million as a result of timing difference in billing; and (ii) a decrease in accounts receivable of approximately HK$36.9 million because a building construction project was completed during the year ended 31 March 2011. Such inflows were partially offset by the combined effect of (i) a decrease in accounts payable of approximately HK$40.7 million due to the completion of the building construction project in March 2011; and (ii) a decrease in accruals of costs for contract works of approximately HK$13.8 million.

Net cash flows from/(used in) investing activities

For the four months ended 31 July 2013, we had a net cash inflow from investing activities of approximately HK$111.0 million, which was mainly due to the settlement of a significant portion of the amount due from the Retained Vantage Group in preparation for the Spin-off.

For the year ended 31 March 2013, we had a net cash outflow from investing activities of approximately HK$45.8 million, which was mainly the combined effect of the increase in amount due from the Retained Vantage Group of approximately HK$400.0 million, repayment of an amount due from the Retained Vantage Group of HK$327.2 million, and the repayment of a loan by the Retained Vantage Group of approximately HK$27.0 million.

For the year ended 31 March 2012, we had a net cash outflow from investing activities of approximately HK$73.2 million, which was primarily resulting from the increase in amount due from the Retained Vantage Group of approximately HK$240.0 million, and repayment of an amount due from the Retained Vantage Group of HK$166.8 million.

For the year ended 31 March 2011, we had a net cash outflow from investing activities of approximately HK$0.4 million, which was primarily resulting from the purchase of property, plant and equipment of approximately HK$0.4 million.

Net cash flows from/(used in) financing activities

For the four months ended 31 July 2013, we had a net cash outflow from financing activities of approximately HK$78.6 million, which was mainly due to the net repayment of interest-bearing bank loans of approximately HK$78.6 million.

For the year ended 31 March 2013, we had a net cash inflow from financing activities of approximately HK$59.9 million, which was mainly due to the combined effect of new interest-bearing bank loans raised of approximately HK$329.6 million and repayment of interest-bearing bank loans of approximately HK$269.7 million.

For the year ended 31 March 2012, we had a net cash inflow from financing activities of approximately HK$18.7 million, which was primarily resulting from new interest-bearing bank loans raised of approximately HK$18.7 million.

For the year ended 31 March 2011, we did not generate any cash inflows or make any cash payments in relation to financing activities.

CAPITAL EXPENDITURES

During the Track Record Period, our Group did not incur significant capital expenditure and maintained a relatively insignificant amount of machinery throughout the Track Record Period. This was because our Group, acting as the main contractor for all our projects during the Track Record Period, would delegate the actual construction works to our sub-contractors which are required to provide the necessary machinery and equipment.

WORKING CAPITAL

Taking into account of the net proceeds available to us from the Share Offer, our cash at bank and in hand, our available banking facilities and our future operating cash flows, our Directors are of the opinion that we have sufficient working capital to meet our requirements for at least the next 12 months from the date of this prospectus.

We strive to manage our cash flow to ensure that we have sufficient funds to meet our existing and future cash requirements. In addition to cash generated from our operations and proceeds from the Share Offer, we may consider, if necessary, to obtain bank loans to fund our working capital requirement.

NET CURRENT ASSETS

The table below sets out, as at the dates indicated, our current assets, current liabilities and net current assets:

	As at 31 March			As at 31 July	As at 30 September
	2011	2012	2013	2013	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CURRENT ASSETS					
Gross amount due from customers for contract works	4,461	37,318	85,557	85,714	81,556
Accounts receivable	89,970	126,783	227,177	287,213	317,816
Prepayments, deposits and other receivables	48,767	122,941	186,008	65,563	58,842
Due from a joint venture	950	—	—	—	—
Tax recoverable	22	43	—	—	—
Pledged deposit	1,075	1,075	—	—	—
Cash and cash equivalents	74,300	149,872	129,825	91,537	91,956
Total current assets	219,545	438,032	628,567	530,027	550,170
CURRENT LIABILITIES					
Accounts payable	70,178	238,106	342,687	307,592	328,349
Accruals of costs for contract works	21,075	22,039	5,390	2,980	5,133
Tax payable	274	1,923	2,357	5,870	6,940
Other payables and accruals	53,863	54,262	55,999	57,224	48,042
Interest-bearing bank loans	—	18,736	78,636	—	—
Total current liabilities	145,390	335,066	485,069	373,666	388,464
NET CURRENT ASSETS	74,155	102,966	143,498	156,361	161,706

As at 31 July 2013, our current assets of approximately HK$530.0 million comprised of (i) gross amount due from customers for contract works of approximately HK$85.7 million; (ii) accounts receivable of approximately HK$287.2 million; (iii) prepayments, deposits and other receivables of approximately HK$65.6 million; and (iv) cash and cash equivalents of approximately HK$91.5 million.

As at 31 July 2013, our current liabilities of approximately HK$373.7 million comprised of (i) accounts payable of approximately HK$307.6 million; (ii) accruals of costs for contract works of approximately HK$3.0 million; (iii) Tax payable of approximately HK$5.9 million; and (iv) Other payables and accruals of approximately HK$57.2 million.

Our net current assets increased by approximately HK$12.9 million, or 9.0%, from approximately HK$143.5 million as at 31 March 2013 to approximately HK$156.4 million as at 31 July 2013. The increase was mainly due to (i) an increase in accounts receivable of approximately HK$60.0 million; (ii) a decrease in accounts payable of approximately

HK$35.1 million; and (iii) a decrease in interest-bearing bank loans of approximately HK$78.6 million. The effects of the foregoing factors, were partially offset by (i) a decrease in prepayments, deposits and other receivables of approximately HK$120.4 million; and (ii) a decrease in cash and cash equivalents of approximately HK$38.3 million.

Our net current assets increased by approximately HK$40.5 million, or 39.4%, from approximately HK$103.0 million as at 31 March 2012 to approximately HK$143.5 million as at 31 March 2013. The increase was mainly due to (i) an increase in gross amount due from customers for contract works of approximately HK$48.2 million; (ii) an increase in accounts receivable of approximately HK$100.4 million; (iii) an increase in prepayments, deposits and other receivables of approximately HK$63.1 million; and (iv) a decrease in accruals of costs for contract works of approximately HK$16.6 million. The effects of the foregoing factors, were partially offset by (i) an increase in accounts payable of approximately HK$104.6 million; (ii) an increase in interest-bearing bank loans of approximately HK$59.9 million; and (iii) a decrease in cash and cash equivalents of approximately HK$20.0 million.

Our net current assets increased by approximately HK$28.8 million, or 38.9%, from approximately HK$74.2 million as at 31 March 2011 to approximately HK$103.0 million as at 31 March 2012. The increase was mainly due to an increase in (i) gross amount due from customers for contract works of approximately HK$32.9 million; (ii) accounts receivable of approximately HK$36.8 million; (iii) prepayments, deposits and other receivables of approximately HK$74.2 million; and (iv) cash and cash equivalent of approximately HK$75.6 million. The effects of the foregoing factors, were partially offset by (i) an increase in accounts payable of approximately HK$167.9 million; and (ii) an increase in interest-bearing bank loans of approximately HK$18.7 million.

CERTAIN MAJOR COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Gross amount due from customers for contract works

Gross amount due from customers for contract works represent the surplus derived when the contract costs incurred to date plus recognised profits less recognised losses exceed progress billings. The increase from approximately HK$4.5 million as at 31 March 2011 to HK$37.3 million as at 31 March 2012 was mainly attributable to the commencement of certain waterworks and utilities civil engineering works in which the site preparation costs have been incurred but relevant works have not yet been certified by the relevant employers.

The gross amount due from customers for contract works as at 31 March 2013 mainly attributable to certain replacement and rehabilitation projects for the WSD of approximately HK$43.5 million and the provision of external cable construction works and outside telecommunication on plant maintenance services and other civil engineering works contracts for HKT Group of approximately HK$23.8 million. The increase in gross amount due from customers for contract works as compared to 31 March 2012 was mainly due to the timing difference in billing.

As at 31 July 2013, the gross amount due from customers for contract works remained stable as compared to 31 March 2013.

Accounts receivable

Accounts receivable includes retention receivables. Accounts receivable increased from approximately HK$90.0 million as at 31 March 2011 to approximately HK$126.8 million as at 31 March 2012 and increased to HK$227.2 million as at 31 March 2013 and further increased to HK$287.2 million as at 31 July 2013, which was in line with the increase in our revenue during the Track Record Period. All of the accounts receivable were not impaired as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013.

The following table sets out the aging analysis of the accounts receivable as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013.

	As at 31 March			As at 31 July
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Past due but not impaired:				
One to three months past due	1,546	2,149	3,741	7,680
Four to six months past due	34	83	40	28
Over six months past due	56	365	—	55
	1,636	2,597	3,781	7,763
Neither past due nor impaired	88,334	124,186	223,396	279,450
	89,970	126,783	227,177	287,213

The credit term offered by our Group was in accordance with the terms specified in each contract being entered into with relevant customers which was generally about 30 days. Generally, payments would be paid within 21 days from the date of issue of the payment certificate for the Government projects while it takes around a month for private sector projects.

Accounts receivable that were past due but not impaired relate to a number of Independent Third Party customers that have a good track record with our Group. They are customers that have established business relationship with our Group and have no history of defaulting payment to our Group. Based on past experience and historical payment record of such customers, our Directors are of the opinion that the exposure to credit risk is minimal and no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As detailed in the section headed "Business" in this prospectus, in most contracts, there is a contract term for the customers to hold up a retention money from the progress payment which will generally be used for recovery of the damages, charges, expenses for which the contractor is liable to the customers in connection with the undertaking of the relevant project. The retention money for each project ranges from 1% to 10% of the total contract sum for a period of time according to the terms of respective contract to ensure satisfactory completion of the projects. Generally, for the retention money, either the first half of the retention money is released upon completion of the project and the second half of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers' satisfaction of the works, or all of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers' satisfaction of our works. The retentions held by customers for contract works included in accounts receivable amounted to approximately HK$48.8 million, HK$54.3 million, HK$95.0 million and HK$113.4 million as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 July 2013 respectively. The increase in the retention receivables as at 31 March 2013 and 31 July 2013 was mainly contributed by the retention receivables from a building construction contract works of approximately HK$67.8 million and HK$80.3 million respectively.

As at 31 October 2013, about 60.5% of the outstanding accounts receivable balances as at 31 July 2013 have been subsequently settled. About 99.9% of the remaining trade receivable balance represented retentions receivable, which were only required to be settled upon project completion and/or expiry of maintenance period according to the relevant contract terms.

Prepayments, deposits and other receivables

	As at 31 March			As at 31 July
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	7,823	5,800	3,834	2,546
Deposits and other receivables	13,944	16,865	34,206	25,689
Due from the Retained Vantage Group	27,000	73,276	147,968	37,328
Loan to the Retained Vantage Group	—	27,000	—	—
	48,767	122,941	186,008	65,563

Prepayments amounted to approximately HK$7.8 million, HK$5.8 million, HK$3.8 million and HK$2.5 million as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013 respectively. The balance mainly represented insurance prepayments for construction contracts. The decrease in such balance as at 31 March 2012 and 31 March 2013 and 31 July 2013 was mainly attributable to the amortisation of insurance prepayment over contract periods of each construction projects and that fact that insurance prepayment for TW7 Project was borne by the Retained Vantage Group.

Deposits and other receivables amounted to approximately HK$13.9 million, HK$16.9 million, HK$34.2 million and HK$25.7 million as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013 respectively. The balance mainly represented performance deposits and advances to sub-contractors for construction projects. The increase in performance deposits and advances to sub-contractors was mainly attributable to the commencement of certain new sizeable civil engineering projects during the three years ended 31 March 2013. The decrease in the balance as at 31 July 2013 was mainly due to the settlement of the advances to sub-contractors during the four months ended 31 July 2013.

The amount due from the Retained Vantage Group, which is of trade nature arising from sub-contracting arrangement between our Group and the Retained Vantage Group, amounted to approximately HK$27.0 million, HK$73.2 million, HK$148.0 million and HK$37.3 million. The significant increase in balance as at 31 March 2012 and 31 March 2013 was mainly because we sub-contracted TW7 Project to the Retained Vantage Group which commenced in August 2011 and was in full swing during the year ended 31 March 2013, and in connection with this, we purchased materials for the use of the Retained Vantage Group, which led to the increase in such balance. The significant decrease in balance as at 31 July 2013 was primarily due to the repayment from the Retained Vantage Group in preparation for the Spin-off. The amount due from the Retained Vantage Group is currently expected to be fully settled after full certification of completion and expiry of maintenance period for TW7 Project.

The loan to the Retained Vantage Group of HK$27 million as at 31 March 2012 was interest-bearing at an annual interest rate with reference to HIBOR and has no fixed term of repayment. The balance was fully settled during the year ended 31 March 2013.

Pledged deposit and cash and cash equivalents

Our pledged bank deposit represents cash pledged against bank overdraft facilities for our Group. Our pledged bank deposit was approximately HK$1.1 million as at 31 March 2011 and 31 March 2012. Such pledged deposit was released during the year ended 31 March 2013. Cash and cash equivalents comprise cash held by our Group and non-pledged time deposits with original maturity of less than three months when acquired. For further information relating to the cash flows of our Group during the Track Record Period, refer to the sub-section headed "Liquidity and Capital Resources" in this section.

Accounts payable

Accounts payable represented the amounts due to the Retained Vantage Group and other sub-contractors, for its sub-contract works and suppliers of materials. The payables due to the Retained Vantage Group were unsecured, interest free and have no fixed terms of repayment. All other accounts payable are non-interest bearing and the payment terms are stipulated in the relevant contracts. The increase in accounts payable as at 31 March 2012 and 31 March 2013 was a result of the increase in contract works done by our Group for the years as indicated by the increase in revenue for the financial years ended 31 March 2012 and 31 March 2013.

Accounts payable decreased from approximately HK$342.7 million as at 31 March 2013 to approximately HK$307.6 million as at 31 July 2013 mainly because of the settlement of payables in connection with the procurement of construction materials of TW7 Project by us during the four months ended 31 July 2013.

The amounts due to sub-contractors of our Group included retention payables. Retention payables represented the money withheld by our Group when making interim payment to the sub-contractors. Retention money will usually be retained by us for a period of time according to the terms of respective contract to ensure satisfactory completion of the projects by our sub-contractors. The retention money for each project ranges from 1% to 10% of the total contract sum for a period of time. Generally, for the retention money, either, the first half of the retention money is released upon completion of the project and the second half of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers' satisfaction of our works, or all of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers' satisfaction of our works. The retention payable amounted to approximately HK$39.8 million, HK$50.9 million, HK$111.8 million and HK$116.2 million as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013 respectively, which increased as a result of more sub-contracting works during the Track Record Period.

The following table sets out the ageing analysis of the accounts payable as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013.

	As at 31 March			As at 31 July
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current to 3 months	68,939	236,764	331,451	306,027
4 to 6 months	6	1,036	10,802	392
Over 6 months	1,233	306	434	1,173
	70,178	238,106	342,687	307,592

We normally settle accounts payable with a credit period ranging from 7 to 30 days. The accounts payable are short term and hence their carrying values are considered by our Directors to be a reasonable approximation of their fair values. The majority of accounts payable as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013 were current or aged less than 4 months.

As at 31 October 2013, about 61.7% of the outstanding trade payable balances as at 31 July 2013 have been subsequently settled. About 98.3% of the remaining trade payable balances represented retentions payable, which were only required to be settled upon project completion and/or expiry of maintenance period according to the relevant contract terms.

Accruals of costs for contract works

Accruals of costs for contract works represent accrued costs payable to sub-contractors for contract works. During the Track Record Period, the amounts increased from approximately HK$21.1 million as at 31 March 2011 to approximately HK$22.0 million as at 31 March 2012 and then decreased to approximately HK$5.4 million and HK$3.0 million as at 31 March 2013 and 31 July 2013, respectively, due to differences in billing time.

Other payables and accruals

	As at 31 March			As at 31 July
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables and accruals	1,759	2,043	2,267	3,243
Due to Vantage	52,104	52,219	53,732	53,742
Due to the Retained Vantage Group	—	—	—	239
	53,863	54,262	55,999	57,224

The other payables and accruals represented accrued expenses in relation to our Group's operating activities.

The amount due to Vantage arose from a reorganisation within the Vantage Group in the past and to a lesser extent the management fee payable to Vantage for sharing of corporate expenses. The amount due to Vantage and the amount due to the Retained Vantage Group were unsecured, interest-free and have no fixed terms of repayment. The amount due to Vantage arose from the reorganisation within the Vantage Group in the past will be cleared by way of assignment of shareholder's loans owed by Great Jump and Top Integration from Profit Chain to Best Trader during the Reorganisation. The management fee payable to Vantage for sharing of corporate expenses and the amount due to the Retained Vantage Group will also be settled by way of cash using our Group's own internal resources before Listing.

Interest-bearing bank loans

Our interest-bearing bank loans represent secured bank borrowings amounted to nil, approximately HK$18.7 million and approximately HK$78.6 million as at 31 March 2011, 31 March 2012 and 31 March 2013, respectively. As compared to the year ended 31 March 2011, as the scale of our projects became larger for the two years ended 31 March 2013, our Group borrowed loans from banks during the two years ended 31 March 2013 to partly finance the operation of one of our projects. For the years ended 31 March 2011, 31 March

2012 and 31 March 2013, the effective contractual interest rate was nil, 2.45%, and 2.19% to 2.55%, respectively, for our interest-bearing bank loans. We repaid all interest-bearing bank loans during the four months ended 31 July 2013, and hence no interest-bearing bank loans existed as at 31 July 2013.

During the Track Record Period, the financing agreements with the financial institutions are entered into under normal standard terms and conditions. During the Track Record Period and as at the Latest Practicable Date, none of our lenders have claimed default against us under any of the terms in the financing agreements.

CERTAIN KEY FINANCIAL RATIOS

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

		Year ended 31 March			Four months ended 31 July
	Notes	**2011**	**2012**	**2013**	**2013**
Turnover growth	*1*	43.5%	2.5%	42.6%	100.2%
Adjusted turnover growth *	*1*	0.9%	57.8%	–3.7%	51.5%
Net profit growth	*2*	2.8%	12.9%	42.2%	30.1%
Gross margin	*3*	6.8%	7.1%	5.6%	3.7%
Adjusted gross margin *	*3*	15.1%	9.7%	11.0%	9.1%
Net profit margin before interest and tax	*4*	4.4%	4.9%	5.1%	2.5%
Net profit margin	*5*	3.7%	4.1%	4.1%	1.9%
Return on equity	*6*	32.8%	27.0%	27.7%	24.2%
Return on total assets	*7*	11.3%	6.4%	6.4%	7.2%
Accounts receivable turnover days	*8*	58.8	57.3	65.6	48.0
Accounts payable turnover days	*9*	52.7	87.8	114.1	63.0
Current ratio	*10*	1.5	1.3	1.3	1.4
Gearing ratio	*11*	0%	17.9%	54.4%	0%
Interest coverage ratio	*12*	N/A	1,022.0	26.7	83.8

* *Adjusted to exclude contribution from building construction and maintenance business.*

Notes:

1. *The calculation of turnover growth is based on the difference between our turnover of respective period and previous period, divided by our turnover of previous period multiplied by 100%.*

2. *The calculation of net profit growth is based on the difference between our net profit of respective period and previous period, divided by our net profit of previous period multiplied by 100%.*

3. *The calculation of gross margin is based on our gross profit of respective period divided by our turnover of respective period multiplied by 100%.*

4. *The calculation of net profit margin before interest & tax is based on our net operating profit before interest and tax of respective period divided by our turnover of respective period multiplied by 100%.*

5. *The calculation of net profit margin is based on our net profit of respective period divided by our turnover of respective period multiplied by 100%.*

6. *For each of the three years ended 31 March 2013, the calculation of return on equity is based on the profit attributable to owners of the parent of the respective period divided by the ending equity attributable to owners of the parent of the respective period and multiplied by 100%. For the four months ended 31 July 2013, the calculation of return on equity is based on the profit attributable to owners of the parent divided by the ending equity attributable to owners of the parent, multiplied by 365/122, and then multiplied by 100%.*

7. *For each of the three years ended 31 March 2013, the calculation of return on total assets is based on the profit attributable to owners of the parent of the respective period divided by the ending total assets of the respective period and multiplied by 100%. For the four months ended 31 July 2013, the calculation of return on total assets is based on the profit attributable to owners of the parent divided by the ending total assets, multiplied by 365/122, and then multiplied by 100%.*

8. *Accounts receivable turnover days is calculated based on the average of the beginning and ending balance of accounts receivable for the year/period divided by revenue during the year/period and multiplied by 365 days for the years ended 31 March 2011, 2012 and 2013 /122 days for the four months ended 31 July 2013.*

9. *Accounts payable turnover days is calculated based on the average of the beginning and ending balance of accounts payable for the year/period divided by contract costs for the year/period and multiplied by 365 days for the years ended 31 March 2011, 2012 and 2013 /122 days for the four months ended 31 July 2013.*

10. *Current ratio is calculated by dividing current assets by current liabilities as at the respective year/period end.*

11. *Gearing ratio is calculated by dividing total interest-bearing bank loans by the total equity as at the respective year/period end.*

12. *The calculation of interest coverage is based on our profit before finance costs and income tax expense of the respective period divided by our finance costs of the respective period.*

Please refer to the paragraphs "Four months ended 31 July 2013 compared to four months ended 31 July 2012", "Financial year ended 31 March 2013 compared with the financial year ended 31 March 2012" and "Financial year ended 31 March 2012 compared with the financial year ended 31 March 2011" in this section for discussions regarding our turnover growth, net profit growth and gross and net profit margins during the Track Record Period.

Return on equity and return on total assets

Our return on equity for the years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013 was approximately 32.8%, 27.0%, 27.7% and 24.2%, respectively, and our return on total assets for the years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013 was approximately 11.3%, 6.4%, 6.4% and 7.2% respectively.

The decreases in both our return on equity and return on total assets for the year ended 31 March 2012 as compared to the year ended 31 March 2011 were mainly due to a less-than-proportionate increase in our net profit as compared to the growth in the increases in our equity and total assets, which was mainly resulted from a relatively mild growth in our revenue for the year ended 31 March 2012.

Both our return on equity and return on total assets remained relatively stable for the year ended 31 March 2013 as compared to the year ended 31 March 2012.

The decrease in our return on equity for the four months ended 31 July 2013 as compared to the year ended 31 March 2013 was mainly due to a less-than proportionate increase in our net profit as compared to the growth in the increase in our equity. The increase in our return on total assets for the four months ended 31 July 2013 as compared to the year ended 31 March 2013 was mainly to the reduction of total assets.

Accounts receivable turnover days

The credit term offered by our Group was in accordance with the terms specified in each contract being entered into with relevant customers. For the financial years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013, our Group's accounts receivable turnover days was approximately 58.8 days, 57.3 days, 65.6 days and 48.0 days, respectively. Retention receivables for each project generally ranged from 1% to 10% of the total contract sums. Since the retention monies were withheld by customers and were not released until some time after completion of the project and/or upon expiry of the guaranteed maintenance period according to the terms of respective contracts, our accounts receivable turnover days, which have also accounted for retention receivables, were longer than 30 days during the Track Record Period. The slight increase in accounts receivable turnover days for the year ended 31 March 2013 as compared to that for the year ended 31 March 2012 was primarily due to higher accounts receivable balance related to TW7 Project as at 31 March 2013 since TW7 Project which started in the second half of the year ended 31 March 2012 was in full swing during the year ended 31 March 2013. The decrease in accounts receivable turnover days for the four months ended 31 July 2013 was mainly because of faster processing of settlement for the accounts receivable relating to certain R&R Programme projects by our customer during the four months ended 31 July 2013.

Accounts payable turnover days

The accounts payable turnover days increased from approximately 52.7 days in 2011 to approximately 87.8 days in 2012 and approximately 114.1 days in 2013 and decreased to approximately 63.0 days for the four months ended 31 July 2013. Retention payables for each project generally ranged from 1% to 10% of the total contract sums. Since the retention monies were released some time after completion of the project and/or upon expiry of the guaranteed maintenance period according to the terms of respective contracts, our accounts payable turnover days, which have also accounted for retention payables, were longer than 30 days during the Track Record Period. As a project may comprise variation orders and would involve sub-contract agreements, sufficient amount of time is needed to not only identify the corresponding sub-contractors and its work progress but also to match the settlement from customers with the payables of the corresponding sub-contractors. For the two years ended 31 March 2012 and 2013 and the four months ended 31 July 2013, our Group's accounts payable turnover days were longer than our accounts receivable turnover days primarily due to (i) the more flexible settlement period obtained from suppliers which have long-term business relationships with our Group; and (ii) the additional time required to process the payment of the accounts payable after settlement of the corresponding accounts receivables with our customers. The overall increasing trend during the three years ended 31 March 2013 was in line with our practice to match the payment received from customers with the payment to be paid by us in order to better manage our cash flow, and we usually settle the accounts payable after the settlement of the corresponding accounts receivable. The decrease in accounts payable turnover days for the four months ended 31 July 2013 was mainly because of faster settlement of the accounts payable in connection with the procurement of construction materials by us during the period.

Current ratio

Current ratio was maintained at a relatively steady level throughout the Track Record Period. Our Group has been striving to maintain adequate liquidity and working capital position to cope with our operation needs for our projects, recording net current asset position as at 31 March, 2011, 2012 and 2013 and 31 July 2013 respectively. Our Directors believe that the current ratio of our Group has been maintained at a healthy level during the Track Record Period.

Gearing ratio

Gearing ratio is calculated based on the amount of total interest-bearing bank loans divided by the total equity as at the respective year/period end. As compared to 31 March 2011, the increase in gearing ratio as at 31 March 2012 and 2013 was mainly due to the increase in total interest-bearing bank loans which increased from nil as at 31 March 2011 to approximately HK$18.7 million as at 31 March 2012 and further to approximately HK$78.6 million as at 31 March 2013. We borrowed bank loans during each of the years ended 31 March 2012 and 2013 to partly finance TW7 Project which started in August 2011 and was ongoing as at 31 March 2013.

Despite the increasing trend in our gearing ratio during the three years ended 31 March 2013, our Group maintained a net cash position during the Track Record Period. We repaid all interest-bearing bank loans during the four months ended 31 July 2013, mainly because we stopped providing financing to the Retained Vantage Group since June 2013 for TW7 Project.

Interest coverage ratio

Our interest coverage ratio for the years ended 31 March 2012 and 2013 and the four months ended 31 July 2013 was 1,022.0 times, 26.7 times and 83.8 times, respectively. The interest coverage ratio decreased for the year ended 31 March 2013 as compared to the year ended 31 March 2012 and was mainly due to increase in finance costs as a result of the increase in interest-bearing bank loans. As we did not borrow any interest-bearing loans, we did not incur any finance cost during the year ended 31 March 2011.

The interest coverage ratio increased for the four months ended 31 July 2013 as compared to the year ended 31 March 2013 and was mainly due to the decrease in finance costs as a result of repayment of interest-bearing bank loans during the four months ended 31 July 2013.

STATEMENT OF INDEBTEDNESS

Bank borrowings, security and guarantees

As at 30 September 2013, being the latest practicable date for the purpose of this statement prior to the printing of this prospectus, our Group had aggregate bank facilities of approximately HK$226,000,000 which was not utilised.

As at 30 September 2013, the banking facilities were secured by the following:

(a) Corporate guarantee from Vantage amounted to HK$242,000,000; and

(b) The assignment of our Group's accounts receivable under certain contract works with an aggregate amount of approximately HK$215,853,000.

All the corporate guarantees provided by Vantage, a connected person of our Company, in relation to the banking facilities will be released or replaced by guarantees by our Company and/or other security of our Group upon Listing.

Our Directors confirmed that we had not experienced difficulties in meeting obligations during the Track Record Period and none of our Group's bank overdrafts and bank borrowings facilities are subject to the fulfillment of covenants relating to financial ratio requirements which would adversely affect our Group's ability to undertake additional debt or equity financing.

Contingent liabilities

As at 31 March 2011, 2012 and 2013 and 31 July 2013, our Group provided guarantee to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK$17.9 million, HK$15.2 million, HK$37.8 million and HK$37.8 million, respectively. As at 30 September 2013, other than guarantee to certain banks in respect of performance bonds of approximately HK$37.8 million and save as disclosed in this Prospectus, our Group had no material contingent liabilities and was not involved in any material legal proceedings. Our Directors are not aware of any pending or potential material legal proceedings involving our Group. If our Group is involved in such material legal proceedings, our Group will record contingency loss when, based on information then available, it is likely that a loss will incur and the amount of loss can be reasonable estimated.

Operating lease commitments

Our Group as lessee

At the end of each of the Track Record Period, our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March			As at 31 July
	2011	**2012**	**2013**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	2,419	3,076	4,600	6,194
In the second to fifth years, inclusive	474	2,946	1,521	6,338
	2,893	6,022	6,121	12,532

Operating lease payments represent rentals payable by our Group for certain of its construction site offices. Leases are negotiated for terms from 1 to 4 years.

Save as otherwise disclosed above, and apart from the intra-group liabilities, accruals of costs for contract works, our Group did not have, at the close of business on 30 September 2013, any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits or any guarantees or other material contingent liabilities outstanding.

OFF-BALANCE SHEET TRANSACTIONS

Except for the commitments and contingent liabilities set forth above, our Group has not entered into any material off-balance sheet transactions or arrangements as at the Latest Practicable Date.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Interest rate risk

Our Group's exposure to the risk of changes in market interest rates relating primarily to our Group's debt obligations with floating interest rates. Our Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

At 31 March 2011, 2012 and 2013 and 31 July 2013, it is estimated that an increase/decrease of 25 basis points in interest rates, with all other variables held constant, would decrease/increase our Group's profit after tax and retained profits by nil, approximately HK$39,000, approximately HK$164,000 and nil, respectively, arising as a result of higher/lower interest expense on our Group's floating-rate borrowings. This sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of each year of the Track Record Period, and that the amount of variable-rate borrowings outstanding at the end of each year of the Track Record Period was outstanding throughout the whole year.

Credit risk

Our Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2011, 2012 and 2013 and 31 July 2013 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. Management monitors the creditworthiness and payment patterns of each debtor closely and on an on-going basis. As our Group's customers in respect of contract works primarily consist of government departments and developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract works is not significant.

As at 31 March 2011, 2012 and 2013 and 31 July 2013, our Group has concentration of credit risk as 41%, 43%, 60% and 63% of the total accounts receivable were due from our Group's largest external customers while 95%, 95%, 98% and 99% of the total accounts receivable were due from our Group's five largest external customers, respectively.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, our Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. In addition, banking facilities have been put in place for contingency purposes.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group entered into certain related party transactions, details of which are set out in note 32 headed "Related Party Transactions" to the Accountants' Report set out in Appendix I to this prospectus. Our Directors confirm that these related party transactions were conducted on normal commercial terms.

DIVIDENDS AND RESERVES

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

Our historical dividend distribution in the past should not be indicative of our future dividend policy. In general, the amount of future dividends to be declared by our Company will depend on factors such as our profitability, financial condition, business development requirements, future prospects and cash requirements. Any declaration and payment, as well as the amount of dividends, will be subject to our constitutional documents and Cayman Islands laws, including the approval of our Shareholders and our Directors. Our Directors consider that our Company's dividend policy mentioned above will not materially affect our Group's working capital position in the coming years.

As at 31 July 2013, our Company did not have any distributable reserves available for distribution to the Shareholders.

LISTING EXPENSES

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

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma adjusted combined net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the combined net tangible assets of our Group attributable to owners of our Company as if the Share Offer had taken place on 31 July 2013.

This unaudited pro forma adjusted combined net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group had the Share Offer been completed as at 31 July 2013 or any future dates.

	Combined net tangible assets attributable to owners of our Company as at 31 July 2013	Acquisition of shareholder's loans	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Notes 4 and 5)*
Based on an Offer Price of HK$1.0 per Share	157,152	45,923	37,840	240,915	1.205
Based on an Offer Price of HK$1.2 per Share	157,152	45,923	47,840	250,915	1.255

Notes:

1. *The combined net tangible assets attributable to owners of our Company as at 31 July 2013 is extracted from the Accountants' Report set out in Appendix I to this prospectus.*

2. *As part of the Reorganisation, on 21 November 2013, Best Trader, a wholly-owned subsidiary of our Company, acquired the shareholder's loans of Great Jump and Top Integration from Profit Chain, the then shareholder of our Company, of approximately HK$45,923,000.*

3. *The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK$1.0and HK$1.2 per Share, after deduction of the underwriting fees and other related expenses payable by our Company.*

4. *The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 200,000,000 Shares expected to be in issue immediately following the completion of the Share Offer and the Capitalisation Issue without taking into account of any Shares which may be issued upon exercise of the Offer Size Adjustment Option or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.*

5. *The unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company does not take into account a special dividend of HK$60,000,000 declared on 21 November 2013 by Great Jump, a subsidiary of the Group, to Profit Chain. Such dividend will be paid before the listing of the shares of our Company on the Stock Exchange in December 2013. Had the special dividend been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK$0.905 (assuming an Offer Price of HK$1.0 per Share) and HK$0.955 (assuming an Offer Price of HK$1.2 per Share), respectively.*

6. *No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 31 July 2013.*

OUR BUILDING CONSTRUCTION AND MAINTENANCE BUSINESS WHICH SHALL BE CEASED

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

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

As set out in the section headed "Relationship with Controlling Shareholders" in this prospectus, the Retained Vantage Group is principally engaged in, among other things, building construction works for public and private sectors in Hong Kong including construction of buildings. As part of the effort to ensure clear delineation of business activities between our Group and the Retained Vantage Group after the Spin-off, our Group will continue to focus on civil engineering construction business which is our core business and shall cease engaging in building construction and maintenance works except for TW7 Project which is expected to be completed in mid-2014. Except for TW7 Project which we will continue until its completion in order to fulfill our obligations under the terms of the relevant project contract, upon the Listing we will no longer be engaged in building construction and maintenance business.

During the Track Record Period, we recorded revenue of approximately HK$371 million, HK$213 million, HK$525 million and HK$435 million from building construction and maintenance works, representing approximately 55.1%, 30.9%, 53.3% and 66.5% of our total revenue, for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively. For illustration purpose only, below is a summary of the major income and expense items which are directly attributable to our building construction and maintenance business as recorded in our combined statements of comprehensive income during the Track Record Period:

		Year ended 31 March			Four months ended 31 July
		2011	2012	2013	2013
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Relating to gross profit generated from building construction and maintenance business					
— Revenue		371,002	213,141	524,907	435,120
— Contract costs		(370,997)	(210,602)	(519,740)	(430,549)
— Gross proft	(A)	5	2,539	5,167	4,571
Relating to staff cost reimbursement for TW7 Project					
— Management fee income from the Retained Vantage Group for staff cost reimbursement *(Note)*	(B)	—	1,320	9,880	2,458
Relating to sharing of corporate expense of the Vantage Group attributable to MOS Project and TW7 Project					
— Management fee paid to Vantage *(Note)*		—	(1,535)	(4,146)	—
— Management fee income charged back to the Retained Vantage Group to recover the corresponding amount of management fee paid to Vantage *(Note)*		—	1,535	4,146	—
	(C)	—	—	—	—
Relating to financing of materials purchase for TW7 Project					
— Finance costs paid by our Group to banks *(Note)*		—	(33)	(1,848)	(168)
— Interest income reimbursed from the Retained Vantage Group *(Note)*		—	33	1,848	168
	(D)	—	—	—	—
Total financial impact	(A) + (B) + (C) + (D)	5	3,859	15,047	7,029

Note: Further information relating to these items are set out in this section under the items "Our other income and gains", "Our administrative expenses" and "Our finance costs".

In relation to the financial impact shown above relating to our building construction and maintenance business, our Group has seconded staff to Able Contractors and received reimbursement of costs from Able Contractors. Such reimbursement of staff costs amounted to approximately HK$1,320,000, HK$9,880,000 and HK$2,458,000, based on actual salaries and staff benefits costs and approximate amounts of time spent on TW7 Project for the seconded staff for the financial years ended 31 March 2012 and 2013 and the four months ended 31 July 2013 respectively. Our seconded staff to Able Contractors include our Director responsible for the overall management and monitoring of project performance; project staff such as project managers, engineers and safety officer responsible for project execution, co-ordination and safety matters; and other administrative staff responsible for general administrative matters. We anticipate that such seconded staff of our Group would be able to generate revenue from civil engineering projects should they not be seconded to Able Contractors during the same periods.

Our Group will continue to sub-contract TW7 Project to Able Contractor until its completion after Listing. In this connection, our sub-contracting arrangement with the Retained Vantage Group for TW7 Project which involves sub-contracting fee payable to Able Contractors and staff cost reimbursement to receive from Able Contractors will also continue, and such sub-contracting arrangement will constitute a continuing connected transaction upon Listing, further information of which is set out in the section headed "Connected Transactions" in this prospectus.

The contract sum for TW7 Project is approximately HK$1,605 million, of which approximately HK$1,111 million has already been recognised as our revenue during the Track Record Period. Our Directors expect that the remaining outstanding amount of the contract sum of TW7 Project of approximately HK$494 million will be recognised by our Group as revenue after Listing. Our Directors currently estimate that TW7 Project will be completed by mid-2014, but due to the time required for certification of project completion, maintenance period, and billing procedures, it is expected that our Group will continue to record relevant income and costs arising from TW7 Project after Listing for the three years ending 31 March 2016 or thereafter, depending on the actual project progress in future.

After Listing, as we shall cease to engage in building construction and maintenance business and will not take up any new contract works for building construction and maintenance, our Group will no longer record any revenue and profit from the building construction and maintenance business other than as a result of TW7 Project. Although we will cease to engage in building construction and maintenance works which had significant contribution to our revenue during our Track Record Period, as our Group has managed to grow our principal business of civil engineering construction in its 37-years' track record and was able to generate the majority of our profit from our civil engineering construction business during the Track Record Period. In that regard, our Directors believe that our Group will be able to continue sustainable business development by focusing on our civil engineering construction business after Listing. For related risk of cessation of the building construction and maintenance business of our Group after Listing, please refer to "Risk Factors — Cessation of undertaking building construction and maintenance works by us after completion of TW7 Project may have a material adverse effect on our business, operating results and financial condition" in this prospectus.

NO MATERIAL ADVERSE CHANGE

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