

Man King Holdings Limited

萬景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 2193)



Placing and Public Offer



Sponsor

AmCap

Ample Capital Limited
豐盛融資有限公司

Lead Manager

AmCap

Ample Orient Capital Limited

IMPORTANT

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

MAN KING HOLDINGS LIMITED

萬景控股有限公司

(incorporated in the Cayman Islands with limited liability)

PLACING AND PUBLIC OFFER

Number of Offer Shares	: 100,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Public Offer Shares	: 10,000,000 Shares (subject to reallocation)
Number of Placing Shares	: 90,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price	: Not more than HK\$0.80 per Offer Share and expected to be not less than HK\$0.50 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.01 per Share
Stock code	: 2193

Sponsor

AmCap

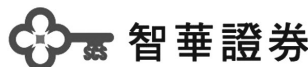
Ample Capital Limited
豐盛融資有限公司

Lead Manager

AmCap

Ample Orient Capital Limited

Co-Lead Managers



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

A copy of this prospectus, having attached thereto the documents specified under the sub-section headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between us and the Lead Manager (acting for itself and on behalf of the Underwriters) on or before 8:00 p.m. on Friday, 26 June 2015. The Offer Price will be not more than HK\$0.80 per Offer Share and is currently expected to be not less than HK\$0.50 per Offer Share, unless otherwise announced. Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK\$0.80 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$0.80 per Offer Share.

The Lead Manager (acting for itself and on behalf of the Underwriters) may, with our consent, reduce the number of the Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the number of the Offer Shares and/or the indicative Offer Price range will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.manking.com.hk as soon as practicable but in any event, not later than the morning of the last day for lodging applications under the Public Offer.

If, for any reason, the Offer Price is not agreed between us and the Lead Manager (acting for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Monday, 29 June 2015, the Share Offer will not proceed and will lapse.

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

Pursuant to certain provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Lead Manager (acting for itself and on behalf of the Underwriters) has the right in certain circumstances, in its absolute discretion, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the day on which dealings in the Shares first commence on the Stock Exchange. Further details of the terms of such provisions are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

No information on any website forms part of this prospectus.

19 June 2015

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement on the respective websites of our Company at www.manking.com.hk and the Stock Exchange at www.hkexnews.hk.

2015

Latest time to complete electronic applications under the HK eIPO White Form service through the designated website at www.hkeipo.hk ⁽²⁾	11:30 a.m. on Wednesday, 24 June
Application lists of the Public Offer open ⁽³⁾	11:45 a.m. on Wednesday, 24 June
Latest time to lodge WHITE and YELLOW Application Forms ⁽³⁾ and to give electronic application instruction to HKSCC	12:00 noon on Wednesday, 24 June
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 24 June
Application lists of the Public Offer close ⁽³⁾	12:00 noon on Wednesday, 24 June
Expected Price Determination Date ⁽⁴⁾	Friday, 26 June
Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer, the basis of allocation of the Public Offer Shares to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company at www.manking.com.hk and the website of the Stock Exchange at www.hkexnews.hk on or before.....	Thursday, 2 July
Results of allocations in the Public Offer (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels (see the sub-section headed "How to Apply for Public Offer Shares — 11. Publication of Results" in this prospectus) from.....	Thursday, 2 July
Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID Number/Business Registration Number" function from.....	Thursday, 2 July
Despatch/Collection of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before ⁽⁵⁾⁽⁶⁾	Thursday, 2 July
Despatch/Collection of refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before ⁽⁵⁾	Thursday, 2 July

EXPECTED TIMETABLE⁽¹⁾

2015

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions
and refund cheques in respect of wholly or partially unsuccessful
applications pursuant to the Public Offer on or before⁽⁵⁾ Thursday, 2 July

Dealings in Shares on the Stock Exchange expected to commence on Friday, 3 July

Notes:

1. All times and dates refer to Hong Kong local times and dates unless otherwise stated.
2. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 24 June 2015, the application lists will not open on that day. For further information, please refer to the sub-section headed “How to Apply for Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
4. The Offer Price is expected to be determined by agreement between us and the Lead Manager (acting for itself and on behalf of the Underwriters) on or before 8:00 p.m. on Friday, 26 June 2015. The Offer Price will be not more than HK\$0.80 per Offer Share and is currently expected to be not less than HK\$0.50 per Offer Share, unless otherwise announced. Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK\$0.80 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$0.80 per Offer Share.

The Lead Manager (acting for itself and on behalf of the Underwriters) may, with our consent, reduce the number of the Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the number of the Offer Shares and/or the indicative Offer Price range will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and our Company at www.manking.com.hk, not later than the morning of the last day for lodging applications under the Public Offer.

If, for any reason, the Offer Price is not agreed between us and the Lead Manager (acting for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Monday, 29 June 2015, the Share Offer will not proceed and will lapse.

5. Applicants who apply with **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares under the Public Offer and have provided all information required by their Application Forms, they may collect their refund cheques and share certificates (as applicable) in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 2 July 2015. Applicants being individuals who are eligible for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to our Hong Kong Branch Share Registrar.

Applicants who apply with **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares under the Public Offer and have provided all information required by their Application Forms, they may collect their refund cheques (where relevant) in person but may not collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

EXPECTED TIMETABLE⁽¹⁾

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post and at the own risk of the applicants shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the sub-section headed “How to Apply for Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus.

6. Share certificates for the Offer Shares are expected to be issued on Thursday, 2 July 2015 but will only become valid certificates of title provided that the Share Offer becomes unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms before 8:00 a.m. on the Listing Date.

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

Share certificates will only become valid certificates of title of the Shares to which they relate provided that the Share Offer has become unconditional in all respect and neither of the Underwriting Agreements has been terminated in accordance with its terms at any time prior to 8:00 a.m. on the Listing Date. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus and the Application Forms. Any information or representation not contained nor made in this prospectus or the Application Forms must not be relied on by you as having been authorised by us, the Sponsor, the Lead Manager, the Underwriters, any of our/their respective directors, officers, employees, agents or representatives or any other person or party involved in the Share Offer.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

BUSINESS MODEL

We are a main contractor in the construction industry principally engaged in providing civil engineering services in Hong Kong. To a lesser extent, we are also engaged in the provision of consultancy services mainly in the capacity of independent checking engineer on electrical and mechanical engineering works. We had undertaken 19 major civil engineering projects during the Track Record Period and up to the Latest Practicable Date. Among the 19 projects, 13 projects had been completed as at the Latest Practicable Date. As at the Latest Practicable Date, we had 6 major projects in progress with a total estimated outstanding contract sum attributable to our Group up to 30 April 2015 of approximately HK\$215.8 million. In addition, we were awarded with a new contract of contract sum of approximately HK\$55.6 million in May 2015. Further details of our projects are set out in the sub-section headed “Business — Our civil engineering projects” in this prospectus. Based on our turnover for the year ended 31 March 2015 of approximately HK\$260.8 million and the total revenue of the civil engineering industry in Hong Kong of approximately HK\$67,620 million, our Group accounted for a market share of approximately 0.4%.

Our services

The civil engineering works undertaken by us are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works. Our operating procedures in relation to execution of civil engineering project principally involve identification of potential projects, preparation and submission of tender documents and project implementation. In executing a civil engineering project, we, being a main contractor, principally participate in the procurement of materials, machinery and equipment, selection of subcontractors, carrying out on-site supervision, monitoring work progress and overall co-ordination of day-to-day work of the project. Further details of our operating procedures are set out in the sub-section headed “Business — Operating procedures” in this prospectus.

SUMMARY

The following tables set forth breakdowns of our revenue by sector and project type during the Track Record Period:

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Revenue			
— Public sector	250,441	199,742	257,449
— Private sector	<u>4,889</u>	<u>1,288</u>	<u>3,396</u>
	<u>255,330</u>	<u>201,030</u>	<u>260,845</u>

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Revenue			
— Civil engineering works	255,281	200,990	260,825
— Consultancy fee income	<u>49</u>	<u>40</u>	<u>20</u>
	<u>255,330</u>	<u>201,030</u>	<u>260,845</u>

Further details of our civil engineering works and financial information are set out in the sections headed “Business” and “Financial Information” in this prospectus respectively.

Sales and marketing

The civil engineering projects undertaken by us are normally contracted to us by way of tender from our customers. In this connection, we believe that instead of spending material efforts in marketing, our past job reference, expertise and diverse qualifications in relation to our civil engineering works, good business relationship with customers and our network in the industry are more valuable assets to us in bidding tenders and securing contracts in future.

Customers

Our customers may be divided into two categories: (a) public sector; and (b) private sector. We mainly focus on serving public sector customers and accordingly during the Track Record Period, our revenue was mainly generated from public sector projects which accounted for approximately 98.1%, 99.4% and 98.7% of our total revenue respectively. Our Group classifies public sector projects as projects in which the customers are (a) Government Departments and (b) non-government public bodies including entities mainly engaged in (i) public housing development and management services; (ii) subsidised and non-subsidised housing development and management services; and (iii) the provision of public railway services in Hong Kong. During the Track Record Period, our five largest customers accounted for approximately 70.7%, 77.5% and 90.2% of our revenue respectively; and our largest

SUMMARY

customer accounted for approximately 29.8%, 32.7% and 30.7% of our revenue respectively. Further details of our major customers' profile are set out in the paragraph headed "Business — Sales and marketing and customers — Major customers" in this prospectus.

Suppliers

During the Track Record Period, our major supplies were construction materials, such as concrete and steel, and machinery and equipment. As at the Latest Practicable Date, there were approximately 221 suppliers included in our approved list of suppliers. Generally, unless our customers specify, we select our suppliers from our approved list of suppliers based on their prices, quality, past performances and capacity. None of our suppliers has entered into long-term supply agreement with us. Generally, we enter into agreements for supply of materials with our suppliers, which set out the expected total amount of materials required for a project, after we have been awarded a construction contract and then order the materials in advance according to each project's progress and confirm the order approximately 1 to 5 days prior to delivery. Our largest supplier accounted for approximately 14.1%, 14.0% and 9.0% of our total purchases for the three years ended 31 March 2015, respectively and our five largest suppliers accounted for approximately 49.8%, 48.9% and 39.7% of our total purchases for the three years ended 31 March 2015, respectively. Further details of our major suppliers' profile are set out in the sub-section headed "Business — Suppliers" in this prospectus.

Subcontractors

As a general industry practice confirmed by our Directors, it is common for main contractors to focus on business activities including project review, design of construction method, co-ordination, quality control, project management and other supervisory work and to minimise their overhead costs through subcontracting parts of the construction works. The scope of construction works to be subcontracted depends on our available internal resources, cost effectiveness, qualifications or specialist requirements, and level of work complexity. We maintain a list of approved subcontractors who are assessed and approved by us. As at the Latest Practicable Date, there were approximately 77 contractors on our list of approved subcontractors. We will select subcontractors from our approved subcontractors list based on their previous experience, skills, present work load, price quotations and historical work quality. Our largest subcontractor accounted for approximately 24.3%, 15.7% and 21.7% of our total subcontracting fee for the three years ended 31 March 2015 respectively and our five largest subcontractors accounted for approximately 64.9%, 57.0% and 56.4% of our total subcontracting fee for the three years ended 31 March 2015 respectively. Further details of our major subcontractors are set out in the sub-section headed "Business — Subcontractors" in this prospectus.

SUMMARY

Major Qualifications

The categories of our civil engineering works on the Approved Contractors List are as follows:

Category	Group	Holder	Authorised contract value
Roads & drainage category	Group B (confirmed)	Concentric	Contracts of value up to HK\$185 million
Roads & drainage category	Group C (confirmed)	Peako	Contracts of any values exceeding HK\$185 million
Site formation category	Group B (probationary)	Peako	Contracts of value up to HK\$185 million
Site formation category	Group C (probationary)	Concentric	Contracts of any values exceeding HK\$185 million
Port works category	Group C (probationary)	Concentric	Contracts of any values exceeding HK\$185 million

In addition, we have registered with the Buildings Department as general building contractor and specialist contractor under site formation works category.

COMPETITIVE STRENGTHS

We believe that our competitive strengths will enable us to maintain our position as one of the active market players in the Hong Kong civil engineering industry. Our competitive strengths include the following:

- experienced management and professional project management teams;
- long-term history and good reputation with a proven track record developed in the civil engineering industry;
- well positioned in undertaking public sector civil engineering works;
- systematic and effective tender review, analysis and pricing procedures;
- our extensive network with our major suppliers and subcontractors; and
- stringent quality control and commitment to high safety standard and environmental management.

BUSINESS STRATEGIES

We will continue to play an active role in seeking opportunities in the civil engineering industry in Hong Kong especially in the public sector. We plan to expand our scale by (i) acquiring additional machinery and equipment; (ii) hiring of additional staff; and (iii) upgrading our information technology system and software. Our Directors believe that by expanding our scale of operation, we will be able to

SUMMARY

(i) participate in larger-scale civil engineering projects; (ii) broaden our customer base by meeting the pre-qualification requirements set by potential customers to be their selected contractors; and (iii) have additional manpower to further strengthen our quality assurance.

Besides, we will reinforce the development of strategic alliances with our existing and potential joint venture partners whose resources, technical skills and strategies are complementary to ours. Our Directors believe that customers may tend to award technically complex or large-scale projects to joint ventures formed by two or more construction contractors with combined credential and expertise instead of to some single individual contractors.

FINANCIAL INFORMATION

Selected data in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of financial position

	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	255,330	201,030	260,845
Gross profit	53,332	64,861	72,781
Profit and total comprehensive income for the year	28,349	40,710	34,985

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total current assets	202,819	202,828	213,681
Total current liabilities	90,346	94,743	73,613
Net current assets	112,473	108,085	140,068
Total non-current liabilities	12,811	—	—
Net assets	102,086	110,036	141,843
Total assets	205,243	204,779	215,456

SUMMARY

Key financial ratios

The following table sets forth our Group's key financial ratios for the Track Record Period:

	As at/For the year ended 31 March		
	2013	2014	2015
Gross profit margin	20.9%	32.3%	27.9%
Net profit margin before interest and tax	13.3%	24.3%	15.9%
Net profit margin	11.1%	20.3%	13.4%
Current ratio	2.2 times	2.1 times	2.9 times
Gearing ratio	8.3%	6.0%	3.4%
Debt to equity ratio	N/A	N/A	N/A
Interest coverage	258.9 times	185.0 times	204.8 times
Return on total assets	13.8%	19.9%	16.2%
Return on equity	27.8%	37.0%	24.7%
Trade receivables turnover days	22.5 days	36.7 days	38.9 days
Trade payables turnover days	35.3 days	64.1 days	46.4 days

Breakdown of our cost of services during the Track Record Period

The following table sets out a breakdown of our cost of services during the Track Record Period:

	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Subcontracting fees	111,573	78,630	120,345
Material costs	41,529	26,060	27,169
Staff costs	54,219	42,918	44,716
Machinery and equipment leasing	4,638	4,428	5,002
Others	<u>5,261</u>	<u>6,682</u>	<u>3,273</u>
Actual cost of services	217,220	158,718	200,505
Add: Net movement of gross amount due to customers for contract works	<u>(15,222)</u>	<u>(22,549)</u>	<u>(12,441)</u>
Cost of services	<u><u>201,998</u></u>	<u><u>136,169</u></u>	<u><u>188,064</u></u>

Revenue

Our Group's revenue increased significantly by approximately HK\$59.8 million or 29.8% from approximately HK\$201.0 million for the year ended 31 March 2014 to approximately HK\$260.8 million for the year ended 31 March 2015. The increase was mainly attributable to (i) Project 11 which commenced construction works in December 2013 and was in full swing during the year ended 31 March 2015, and three new projects, namely Project 12, Project 13 and Project 14, which commenced construction works during the year ended 31 March 2015; and (ii) Project 04, Project 09 and Project 10,

SUMMARY

which we have completed more work items such as demolition and excavation works for Project 10 and achieved significant percentage of completion for Project 04, for the year ended 31 March 2015. In addition, the contract sum of Project 09 has been revised from approximately HK\$86.8 million to approximately HK\$97.0 million due to variation works performed by us for the year ended 31 March 2015.

Our Group's revenue decreased by approximately HK\$54.3 million or 21.3% from approximately HK\$255.3 million for the year ended 31 March 2013 to approximately HK\$201.0 million for the year ended 31 March 2014. The decrease was mainly attributable to (i) Project 04 and Project 08 which we had completed more work items of the aforesaid projects with greater aggregate value during the year ended 31 March 2013; and (ii) Project 05 in which our customer reduced the scope of works and thus the respective contract sum was revised in the year ended 31 March 2013.

Cost of services

During the Track Record Period, our cost of services amounted to approximately HK\$202.0 million, HK\$136.2 million and HK\$188.1 million for the three years ended 31 March 2015, respectively, representing approximately 79.1%, 67.7% and 72.1% of our revenue for the same periods, respectively. The fluctuation of our cost of services with respect to our revenue differed from the general trend of increasing costs in the Hong Kong construction industry during the Track Record Period, which was mainly attributable to (i) the provision of contract price adjustment mechanism (both upward and downward adjustments) for most of our public sector projects during the Track Record Period. Pursuant to such mechanism, the fees that we may receive from the respective customer under a contract will be adjusted (both upward or downward, and subject to a prescribed extent) for changes in certain cost elements, including labour wages and material prices, after the tender price is fixed with reference to certain price indices published by the Census and Statistics Department. The price adjustment mechanism can mitigate the increasing construction costs. The price adjustment mechanism is more particularly described in the paragraph headed "Business — Key customer project terms — Price adjustment" in this prospectus; (ii) the revenue recognition in relation to the variation works, in particular for Project 03, subsequent to the completion of the project, whereas the costs of variation works were already recognised as expenses in the period when they were incurred. As a result, our gross profit margin fluctuated during the Track Record Period. Further details of Project 03 are set out in the paragraph headed "Financial information — Principal components of result of operations — Revenue" in this prospectus; and (iii) the quantities of high margin work items and variation orders performed by us in each financial year. Further details are set out in the sub-section headed "Financial information — Period to period comparison of results of operations" in this prospectus.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$7.9 million or 12.2% from approximately HK\$64.9 million for the year ended 31 March 2014 to approximately HK\$72.8 million for the year ended 31 March 2015, while our gross profit margin decreased from approximately 32.3% to approximately 27.9%. The decrease in gross profit margin was mainly attributable to (i) Project 11, a contract awarded in December 2013, which accounted for approximately 12.1% of our revenue and had lower profit margin of approximately 12.2%, for the year ended 31 March 2015; and (ii) less variation orders performed for Project 07, which accounted for approximately 17.5% of our revenue, for the year

SUMMARY

ended 31 March 2015. The values of the variation orders represented higher gross profit margins than the original contract sum due to higher pre-determined prices for those variation work items quoted by our Group during the tendering stage of Project 07.

Despite a decrease in revenue, our gross profit increased by approximately 21.6% from approximately HK\$53.3 million for the year ended 31 March 2013 to approximately HK\$64.9 million for the year ended 31 March 2014, while our gross profit margin increased significantly from approximately 20.9% to approximately 32.3%. The significant increase in gross profit margin was mainly attributable to (i) Project 03 which was completed in July 2012 and most of the project costs were also recognised by reference to the stage of completion of the project. However, at the relevant time, our Group was in the progress to negotiate the final accounts with the respective customer in relation to the variation works performed by our Group. Following negotiation of a prolonged period, our Group recognised revenue of approximately HK\$19.3 million according to the amount certified by our customer in the year ended 31 March 2014, which accounted for approximately 9.6% of our revenue for the year and in turn caused Project 03 having a relatively high gross profit margin of over 35% for the year ended 31 March 2014; and (ii) Project 07, which accounted for approximately 24.9% of our revenue for the year ended 31 March 2014, and had variation orders due to amendment to project specifications and volume of works requested by our customer in the year ended 31 March 2014. The values of variation orders represented a higher gross profit margin than the original contract sum due to higher pre-determined price for certain work items quoted by our Group during the tendering stage of Project 07, which in turn caused Project 07 having a relatively high gross profit margin of over 35% for the year ended 31 March 2014.

Our Directors are of the view that the high gross profit margin maintained by our Group during the Track Record Period was mainly attributable to (i) our focus on public sector projects, most of which contained price adjustment mechanism which our Group's profitability will not be affected by fluctuations in cost of materials and labours; (ii) our Group's systematic tender review procedures which ensure that we are able to devise construction method and allocate our resources efficiently and economically; (iii) our Group's business strategy to keep a small operating scale while allocating our resources towards a limited number of projects of higher profit margin, instead of running with a high volume of projects but with lower profit margin; and (iv) the focus on our project management and other supervisory work, and to minimise our overhead costs through subcontracting parts of the construction works.

Net profit and net profit margin

Our net profit was approximately HK\$28.3 million, HK\$40.7 million and HK\$35.0 million for the three years ended 31 March 2015 respectively, while our net profit margin was approximately 11.1%, 20.3% and 13.4% for the three years ended 31 March 2015 respectively. Our Directors are of the view that the high net profit margin maintained by our Group during the Track Record Period was mainly attributable to the high gross profit margin achieved by our Group, as detailed above.

Further details of the analysis of the key financial ratios and the aforesaid projects are set out in the sub-sections headed "Financial information — Other key financial ratios" and "Business — Our civil engineering projects" in this prospectus respectively.

SUMMARY

RECENT DEVELOPMENT

The financial and operational performance of our Group is dependent on, among others, the market conditions of the civil engineering industry in Hong Kong.

Based on our Group's unaudited management accounts, the unaudited monthly average revenue for the month ended 30 April 2015 was higher than the monthly average revenue for the year ended 31 March 2015, which was mainly due to higher revenue contribution from (i) Project 04 in which more items have been certified by the respective customer as a result of practical completion achieved in November 2014; (ii) a new project, namely Project 15, which commenced construction works during the month ended 30 April 2015; and (iii) Project 12 which had achieved substantial completion for the month ended 30 April 2015.

In May 2015, we were awarded with a new contract regarding the provision of private sector civil works, relating to the demolition and restoration of existing jetty at Chai Wan Oil Depot, at a contract sum of approximately HK\$55.6 million. The expected work period of the project is from July 2015 to December 2016.

Save for the information as disclosed above and the professional fees of approximately HK\$20.1 million estimated to be incurred in connection with the Listing (based on an Offer Price of HK\$0.65, being the mid-point of the Offer Price range in this prospectus), of which approximately HK\$6.7 million will be recorded in our profit or loss accounts for the year ending 31 March 2016, our Directors confirmed that there has been no material adverse change in the operation, financial or trading position, or prospects of our Group since 31 March 2015 (being the date to which the latest audited consolidated financial statements of our Group were prepared) and up to the date of this prospectus, and there is no event since 31 March 2015 and up to the date of this prospectus which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer, Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo, Mrs. Vera Lo, Jade Vantage Holdings Limited, LOs Brothers (PTC) Limited will control more than 30% of our issued share capital, irrespective of whether the Offer Size Adjustment Option is exercised partially or fully, or at all. For the purpose of the Listing Rules, Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo, Mrs. Vera Lo, Jade Vantage Holdings Limited, LOs Brothers (PTC) Limited are our Controlling Shareholders. Further details of our relationship with the Controlling Shareholders are set out in the section headed "Relationship with Controlling Shareholders" in this prospectus.

After the Listing, Mrs. Savonne Lo will be interested in a continuing connected transaction which relate to the lease for the premises used by our Group as office. Further details of such transaction are set out in the section headed "Connected transactions" in this prospectus.

SUMMARY

LISTING EXPENSES

The total expenses for the Listing are estimated to be approximately HK\$20.1 million based on an Offer Price of HK\$0.65 (being the mid-point of the Offer Price range stated in this prospectus). Of the aggregate listing expenses of approximately HK\$20.1 million, approximately HK\$6.3 million directly attributable to the issue of Offer Shares will be accounted for as a deduction from equity upon Listing. The remaining approximate HK\$13.8 million, was charged to our profit or loss accounts as to approximately HK\$7.1 million for the year ended 31 March 2015 and will be charged to our profit or loss accounts as to approximately HK\$6.7 million for the year ending 31 March 2016.

USE OF PROCEEDS

We intend to apply the net proceeds to us from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and assuming that the Offer Size Adjustment Option is not exercised at all and an Offer Price of HK\$0.65, being the mid-point of the Offer Price range, of approximately HK\$44.9 million as follows:

- approximately HK\$26.9 million or approximately 60% of the net proceeds for the acquisition of additional machinery and equipment, such as lifting cranes, trucks and marine working vessels, to optimise the construction efficiency as well as minimising machinery rental costs and cope with our expected business growth;
- approximately HK\$11.2 million or approximately 25% of the net proceeds for the hiring of five additional staff which will cover their remuneration for the next four years, including two project management staff (comprising project manager and engineer) and three machinery operators to be hired to increase our capacity;
- approximately HK\$2.3 million or approximately 5% of the net proceeds for the upgrade of our information technology system and software; and
- approximately HK\$4.5 million or approximately 10% of the net proceeds will be used as general working capital of our Group.

For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

DIVIDEND POLICY

Dividends may be paid out by way of cash or by other means that we consider appropriate. Declaration and payment of any dividends would require the recommendation of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors our Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future.

SUMMARY

SHARE OFFER STATISTICS

Market capitalisation at Listing:	HK\$200 million to HK\$320 million
Shares to be in issue following completion of the Share Offer and Capitalisation Issue:	400,000,000 Shares
Offer size:	100,000,000 Shares
Offer Price:	HK\$0.50 to HK\$0.80
Board lot:	4,000 Shares
Offering structure:	90,000,000 Shares for the Placing 10,000,000 Shares for the Public Offer
Unaudited pro forma adjusted consolidated net tangible assets per Share: <i>(Note)</i>	HK\$0.45 to HK\$0.53

Note: The unaudited pro forma adjusted consolidated net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. Further details are set out in Appendix II to this prospectus.

LITIGATION, ARBITRATION AND POTENTIAL CLAIMS

During the Track Record Period and as at the Latest Practicable Date, our Group had been involved in a number of claims, litigations, pending or threatened claims against our Group, and our Group is the claimant in two potential arbitration claims (the “Arbitration Claims”) in Hong Kong. The Arbitration Claims are all at a very preliminary stage at this juncture. Owing to the relevant terms of the contracts between us and the counter parties in the arbitration claims, and restrictions prescribed under the Arbitration Ordinance (Chapter 609 of the Laws of Hong Kong) and the relevant arbitral rules, all information about the arbitrations must remain confidential. The claims, litigations, and pending or threatened claims against us are principally related to (i) employees’ compensation claims and personal injuries claims; (ii) contractual disputes; (iii) industrial safety charges; and (iv) miscellaneous claims. As at the Latest Practicable Date, there were several outstanding employees’ compensation claims and personal injuries claims and pending or threatened claims and litigations against us. For further details, please refer to the sub-section headed “Business — Litigation, arbitration and potential claims” in this prospectus.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. Further details of the risks we are exposed to are set out in the section headed “Risk Factors” in this prospectus. The following highlights some of the risks which are considered to be material by our Directors:

- error or inaccurate estimation of project duration and costs when determining the tender price may result in substantial loss incurred by us;
- we rely on public sector civil engineering projects which by their nature are only awarded by a limited number of project employers who are normally Government Departments and/or public bodies;

SUMMARY

- we have no control over our Joint Venture partners and any actions taken by our Joint Venture partners may adversely affect our Joint Ventures and in turn affect the operation of our Group;
- it is not uncommon in our industry to have numerous construction disputes and litigation. Our performance may be adversely affected by such construction disputes and litigation; and
- our performance depends on market conditions and trends in the construction industry and in the overall economy.

DEFINITIONS

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

“Ample Capital” or “Sponsor”	Ample Capital Limited, a licensed corporation to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the sponsor to the Share Offer
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them to be used in connection with the Public Offer
“Articles of Association” or “Articles”	the articles of association of our Company conditionally approved and adopted on 3 June 2015 and effective on the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day”	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general banking transactions to the public
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 299,990,000 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “Further information about our Company — Written resolutions of our sole Shareholder passed on 3 June 2015” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Law” or “Cayman Companies Law”	the Companies Law (2013 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) effective from 3 March 2014, as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) effective from 3 March 2014, as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Man King Holdings Limited (萬景控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 12 November 2014
“Concentric”	Concentric Construction Limited (協力建業有限公司), which was previously known as China Link Properties Limited (中聯置業有限公司) between 22 August 1991 and 20 August 1999 and is a company incorporated in Hong Kong on 22 August 1991, and an indirect wholly-owned subsidiary of our Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company immediately after the Share Offer, being Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo, Mrs. Vera Lo, Jade Vantage Holdings Limited, LOs Brothers (PTC) Limited, or any of them. Please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus for further details
“Deed of Indemnity”	the deed of indemnity dated 3 June 2015 given by our Controlling Shareholders in favour of our Group in respect of taxation and other indemnities referred to in the sub-section headed “Other information” in Appendix IV to this prospectus

DEFINITIONS

“Deed of Non-competition”	the deed of non-competition dated 3 June 2015 executed by our Controlling Shareholders in favour of our Group containing certain non-competition undertakings to our Group referred to in the sub-section headed “Relationship with Controlling Shareholders — Deed of Non-competition” in this prospectus
“Director(s)”	the director(s) of our Company
“GREEN Application Form(s)”	the application form(s) to be completed by HK eIPO White Form Service Provider designated by our Company
“Group” or “our Group” or “we” or “our” or “us”	our Company and its subsidiaries or, where the context so requires, with respect to the period before which our Company became the holding company of its current subsidiaries, our Company’s current subsidiaries or the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HK eIPO White Form”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting application online at the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HK\$” or “HK dollar(s)” and “cent(s)”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Independent Third Party(ies)”	individual(s) or company(ies) who/which is/are independent of our Company and its connected persons within the meaning of the Listing Rules
“Ipsos”	Ipsos Hong Kong Limited, an Independent Third Party, being a professional market research company
“Ipsos Report”	an industry report dated 19 June 2015 prepared by Ipsos Hong Kong Limited which was commissioned by us in relation to, among other things, the civil engineering industry in Hong Kong

DEFINITIONS

“JVs” or “Joint Venture(s)” or “Joint Operation(s)”	joint venture entities formed between our Group and the respective joint venture partners, collectively, or any one or more of them, as the context requires
“Latest Practicable Date”	9 June 2015, being the latest practicable date for ascertaining certain information prior to the printing of this prospectus
“Lead Manager”	Ample Orient Capital Limited, a licensed corporation to engage in type 1 (dealing in securities) regulated activities under the SFO, being the lead manager to the Share Offer
“Listing”	listing of the Shares on the Main Board
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Friday, 3 July 2015, on which the Shares are listed and from which dealings in the Shares commence on the Main Board
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Los Family Trust”	A discretionary trust established by Mr. YC Lo, Mrs. Vera Lo, Mr. Ronnie Lo and Mrs. Savonne Lo as co-settlors of which LOs Brothers (PTC) Limited acts as the trustee and the beneficiaries of which are Mr. YC Lo, Mrs. Vera Lo, Mr. Ronnie Lo, Mrs. Savonne Lo and their family members
“Main Board”	the stock market (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally approved and adopted on 3 June 2015 and effective on the Listing Date, as supplemented, amended or otherwise modified from time to time
“Mr. Ronnie Lo”	Mr. Lo Yick Cheong, one of our founders, our executive Director and one of our Controlling Shareholders
“Mr. YC Lo”	Mr. Lo Yuen Cheong, one of our founders, our chairman, executive Director and one of our Controlling Shareholders
“Mrs. Savonne Lo”	Ms. Cheung Suk Ching Savonne, spouse of Mr. Ronnie Lo, one of our Controlling Shareholders
“Mrs. Vera Lo”	Ms. Tam Wai Sze Vera, spouse of Mr. YC Lo, one of our Controlling Shareholders

DEFINITIONS

“Offer Price”	the final offer price per Offer Share (exclusive of a brokerage fee of 1.0%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) of not more than HK\$0.80 and is currently expected to be not less than HK\$0.50, to be agreed upon by us and the Lead Manager (acting for itself and on behalf of Underwriters) on or before Friday, 26 June 2015
“Offer Shares”	the Placing Shares and the Public Offer Shares
“Offer Size Adjustment Option”	the option granted by our Company to the Placing Underwriter, exercisable by the Lead Manager or its agent on behalf of the Placing Underwriter, at its sole and absolute discretion, whereby our Company may be required to allot and issue up to 15,000,000 additional Placing Shares representing up to 15% of the Offer Shares initially available under the Share Offer, at the Offer Price solely to cover over-allocations in the Placing, subject to the terms of the Placing Underwriting Agreement
“Peako”	Peako Engineering Co. Limited (必高工程有限公司), a company incorporated in Hong Kong on 17 August 1995 and an indirect wholly-owned subsidiary of our Company
“Placing”	the conditional placing of the Placing Shares at the Offer Price with selected professional, institutional and private investors, details of which are described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	the 90,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Placing, subject to reallocation and the Offer Size Adjustment Option as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriter”	the underwriter in respect of the Placing named in the paragraph headed “Underwriting — Underwriters — Placing Underwriter” in this prospectus
“Placing Underwriting Agreement”	the conditional placing underwriting agreement to be entered into among our Company, the Lead Manager, the Placing Underwriter and other parties relating to the Placing
“PRC” or “China”	The People’s Republic of China, which for the purpose of this prospectus and for geographical reference only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region

DEFINITIONS

“Price Determination Agreement”	the agreement to be entered into between our Company and the Lead Manager (for itself and on behalf of the Underwriters) at or before the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or before Friday, 26 June 2015 or such later date as may be agreed by us and the Lead Manager (acting for itself and on behalf of the Underwriters) which the Offer Price is fixed for the purposes of the Share Offer
“Public Offer”	the conditional offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms, details of which are described in the section headed “Structure and Conditions of the Share Offer” in this prospectus and the related Application Forms
“Public Offer Shares”	the 10,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer, subject to reallocation as mentioned in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Underwriter”	the underwriter in respect of the Public Offer named in the paragraph headed “Underwriting — Underwriters — Public Offer Underwriter” in this prospectus
“Public Offer Underwriting Agreement”	the conditional public offer underwriting agreement dated 18 June 2015 entered into among our Company, the Lead Manager, the Public Offer Underwriter and other parties relating to the Public Offer
“Reorganisation”	the reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the sub-section headed “History and Reorganisation — Reorganisation” in this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Share(s)”	share(s) of a nominal value of HK\$0.01 each in the capital of our Company
“Share Offer”	the Placing and the Public Offer

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company pursuant to a written resolutions of our sole Shareholder on 3 June 2015 as described in the sub-section headed “Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“sq.ft.” and “sq.m.”	square feet and square metres, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Track Record Period”	the period comprising the years ended 31 March 2013, 2014 and 2015
“Underwriters”	the Placing Underwriter and the Public Offer Underwriter
“Underwriting Agreements”	the Placing Underwriting Agreement and Public Offer Underwriting Agreement
“United States” or “U.S.”	The United States of America
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

Words importing the singular include, where applicable, the plural and vice versa. Words importing the masculine gender include, where applicable, the feminine and neuter genders.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

All times and dates refer to Hong Kong local time and dates unless otherwise stated.

Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Offer Size Adjustment Option.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.

“Approved Contractors List”	List of Approved Contractors for Public Works as kept by the Development Bureau
“Building Authority”	the Building Authority of the Government
“Buildings Department”	Buildings Department of the Government
“Buildings Ordinance”	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“CAGR”	compound annual growth rate, a method of assessing the average growth of a value over time
“CEDD”	Civil Engineering & Development Department of the Government
“Development Bureau”	the Development Bureau of the Government
“DSD”	Drainage Services Department of the Government
“EMSD”	Electrical and Mechanical Services Department of the Government
“Factories and Industrial Undertakings Ordinance”	Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“GDP”	Gross domestic product
“Government”	the Government of the Hong Kong Special Administrative Region
“Government Departments”	various departments of the Government, including but not limited to CEDD, DSD, Highways Department, EMSD
“Government Gazette”	the official publication of the Government for, among other things, statutory notices for public tenders
“Highways Department”	Highways Department of the Government
“HKQAA”	Hong Kong Quality Assurance Agency
“Housing Authority” or “HA”	the Hong Kong Housing Authority, a statutory body established under the Housing Ordinance (Chapter 283 of the Laws of Hong Kong) in Hong Kong, as amended, supplemented or otherwise modified from time to time

GLOSSARY OF TECHNICAL TERMS

“ISO”	International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 9001: 2008”	a framework and systematic approach set by ISO to managing business processes to produce a product/service that conforms to customer expectations
“WBDB”	the Works Branch of the Development Bureau

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would”, and the negative forms of these words and other similar expressions, as they relate to our business, are intended to identify forward-looking statements in particular, under the sections headed “Risk Factors”, “Business” and “Financial Information” in this prospectus. Such statements reflect our current views with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward- looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic conditions;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- our ability to further develop and manage our projects as planned;
- the actions and developments of our competitors; and
- the other factors that are described in the section headed “Risk Factors” in this prospectus.

We do not intend to update these forward-looking statements in addition to on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. The business, financial condition or results of operations of our Group could be materially adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS IN GENERAL

Error or inaccurate estimation of project duration and costs when determining the tender price may result in substantial loss incurred by us

Construction contracts and in particular public projects are normally awarded through competitive tendering process. We determine a tender price by estimating the construction costs under the contract duration as specified in the tender invitation documents. There is no assurance that tenders submitted by us contain no mistake and error. Such mistakes and errors may be in the form of inaccurate estimation, oversight of important tender terms, inadvertent typographical errors, errors in calculations and etc. In case of mistakes or errors, we may be bound by the contract to undertake the project at a substantial loss.

Inaccurate estimation on project schedule, project costs and technical difficulties in the tendering process may result in cost overruns when we actually execute the awarded project. Many factors affect the time taken and the costs actually involved in completing construction projects undertaken by us. For instance, shortage and cost escalation of labour and materials, difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers, stringent technical construction requirements, threatened claims and material disputes with customers and subcontractors, accidents, and changes in the Government's policies. Other unforeseen problems or circumstances may also occur during project implementation. If any of such factors arises and remains unresolved, completion of construction works may be delayed or we may be subject to cost overruns or customers may even unilaterally determine the contract.

Some of our contracts contain specific completion schedule requirements and liquidated damages provisions (i.e. we may be liable to pay the customer liquidated damages if we do not meet the schedules). Liquidated damages are typically levied at an agreed rate for each day of delay that is due to our default. Any failure to meet the schedule requirements of our contracts could cause us to pay significant liquidated damages, which would reduce or eliminate our profit expected from the relevant contracts.

A project may be delayed or its costs may be increased because of delays incurred during the process of obtaining any specific permits, approvals from relevant agencies or authorities of the Government. Failure to complete construction according to specifications and quality standards may result in disputes, contract termination, liabilities and/or lower returns than anticipated on the construction project concerned. Such delays or failure to complete and/or unilateral determination of a contract by customers may cause our revenue or profitability to be lower than we originally expected. We cannot guarantee that we will not encounter cost overruns or delays on our current and future

RISK FACTORS

construction projects. If such cost overrun or delays occur, we may experience increase in costs exceeding our budget or be required to pay liquidated damages, hence reduction in or elimination of the profits on our contracts.

We rely on public sector civil engineering projects which by their nature are only awarded by a limited number of project employers who are normally Government Departments and/or public bodies

We have relied and will continue to focus on public sector civil engineering projects which by their nature are only procured by a limited number of project employers who are normally Government Departments and/or public bodies. During the Track Record Period, our revenue attributable to public sector projects amounted to approximately HK\$250.4 million, HK\$199.7 million and HK\$257.4 million respectively, representing approximately 98.1%, 99.4% and 98.7% of our total revenue respectively.

Our results of operations in relation to our civil engineering construction business will continue to rely on the followings: (i) our ability to continue to secure public sector projects from our customers; (ii) the public policy in relation to infrastructure and civil engineering projects; and (iii) other factors that generally affect the Hong Kong construction industry. Any material delay, suspension, termination or reduction of number or contract value of public sector projects may adversely affect our revenue, hence our results of operations.

As civil engineering constructions and infrastructure works are usually structurally long lasting, our civil engineering projects are usually one-off projects which are not recurrent in nature. There is no guarantee that our customers will provide us with new business or that we will secure new customers. During the Track Record Period, most of our revenue was derived from construction projects with the Government or non-governmental public bodies in Hong Kong, which do not have long-term business commitment with us. Our relationships with our major customers are non-exclusive and at arm's length. It is also unlikely that we will be able to diversify the composition of our customer base due to the nature of civil engineering works which are normally funded by the Government and public bodies. If the Government substantially reduces its expenditures on civil engineering, we may not be able to secure projects on similar terms from other customers. If any such event occurs, there may be a material adverse effect on our business, financial condition and/or results of operations.

We have no control over our Joint Venture partners and any actions taken by our Joint Venture partners may adversely affect our Joint Ventures and in turn affect the operation of our Group

Some of the businesses of our Group are conducted through Joint Ventures and strategic alliances formed by our Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with our Group in the future or that our Group will be able to pursue our stated strategies with respect to Joint Ventures and the markets in which they operate. Furthermore, the Joint Venture partners may (a) have economic or business interests or goals that are inconsistent with those of our Group; (b) take actions contrary to our Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfil their obligations under the Joint Ventures, which may affect our Group's financial conditions or results of operations.

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It is not uncommon in our industry to have numerous construction disputes and litigation. Our performance may be adversely affected by such construction disputes and litigation

It is not uncommon in our industry to have construction disputes and litigation. We may be in disputes with our customers, subcontractors, workers and other parties in connection with our projects for various reasons. Such disputes may be in connection with late completion of works, delivery of substandard works, personal injuries or labour compensation in relation to the works. Please refer to the sub-section headed “Business — Litigation, arbitration and potential claims” in this prospectus for further information on material disputes or litigation we encountered during the Track Record Period.

The handling of contractual disputes, litigation and other legal proceedings may sometimes involve a high degree of our management’s attention and input. Handling of legal proceedings and disputes can be both costly and time-consuming, and may significantly divert the efforts and resources of our management.

In addition, the outcomes of legal proceedings or disputes are influenced by (among other factors) negotiation skills, knowledge and judgment of our management. Our Group to a large extent relies on the relevant expertise and qualification of our management (including our executive Directors) in dealing with contractual disputes, litigation and arbitration. For the background of our executive Directors and our senior management, please refer to the section headed “Directors and senior management” in this prospectus for more information.

Should any claims against us fall outside the scope and/or limit of our insurance coverage or monies retained from subcontractors, our financial position may be adversely affected.

If progress payment or retention money is not paid to us in full as a result of disputes over our work done, our liquidity position may be adversely affected

We normally receive progress payment from our customers. Progress payment is generally made monthly by reference to the value of works done in that month. A portion of contract value (which generally is subject to a maximum of 5% of the total contract value) is usually withheld by our customers as retention money. Please refer to the sub-section headed “Business — Key customer project terms” in this prospectus for further details. As at 31 March 2013, 2014 and 2015, retention receivables of approximately HK\$10.6 million, HK\$12.7 million and HK\$18.3 million respectively were retained by our customers.

There is no assurance that progress payment will always be certified and paid to us in full, or the retention money will be paid by our customers to us in full. Substantial partial payment or failure by our customers to make remittance at all as a result of disputes over our works done may have an adverse effect on our liquidity position.

Any failure, damage or loss of our machinery may adversely affect our operations and financial performance

We plan to acquire additional machinery financed by proceeds from the Share Offer. We expect that such acquisition will increase our depreciation charges and in turn affect our Group’s profitability. Also, there is no assurance that our machinery will not be damaged or lost as a result of, among others, improper operation, accidents, fire, adverse weather conditions, theft or robbery. In addition, machinery

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may break down or fail to function normally due to wear and tear or mechanical or other issues. Our Group may be subject to additional repairing costs, difficulties in sourcing for replacement within a short period of time and the reliance on quality of service of regular maintenance by outsourced specialist. If any failed or damaged machinery cannot be repaired or if any lost machinery cannot be replaced in a timely manner, our operations and financial performance could be adversely affected.

Cash inflows and outflows in connection with construction projects may be irregular, thus may affect our net cash flow position

In a construction project, net cash outflows to pay certain set-up expenditures may not align with progress payments to be received at the relevant periods. Progress payments will be paid after our construction works commence and are certified by our customers (or authorised persons employed by them). Accordingly, the inflow and outflow cash for a particular project may fluctuate as the construction works proceed.

If during any particular period of time, there exists too many projects which require substantial cash outflow while we have significantly less cash inflows during that period, our cash flow position may be adversely affected.

We rely on subcontractors to help complete most of our construction projects works, and their performance will affect us

In line with the usual practice of the construction industry in Hong Kong, we do not maintain a large workforce of skilled labour in different specialised areas and semi-skilled labour. To maximise our cost efficiency and flexibility, and to utilise the expertise of other properly qualified specialist contractors, we engage third party subcontractors to perform a portion of the works under our contracts. During the Track Record Period, our five largest subcontractors accounted for approximately 64.9%, 57.0% and 56.4% of our total subcontracting charges respectively.

Sometimes, we may not be able to monitor the performance of these subcontractors as directly and efficiently as with our own staff. In addition, our inability to hire qualified subcontractors could hinder our ability to complete a project successfully.

Outsourcing exposes us to risks associated with non-performance, delayed performance or sub-standard performance by subcontractors or third parties. Accordingly, we may experience deterioration in the quality or delivery of our construction projects. We may also incur additional costs due to the delays or a higher price in sourcing the services, equipment or supplies in default. We may be liable for our subcontractor's performance. These events may have impact upon our profitability, financial performance and reputation, as well as result in litigation or damage claims.

Our subcontractors may be exposed to charges in relation to violation of safety, environmental and/or employment laws and regulations which may affect their renewal of relevant licence or may even lead to revocation of their licences. If this happens in our projects, we will have to appoint another subcontractor(s) for replacement and thus additional costs may be incurred.

If our subcontractors violate any laws, rules or regulations in relation to health and safety matters, we may sometimes be subject to prosecutions as primary defendant by relevant authorities. For instance, under the Immigration Ordinance, if a subcontractor employs an illegal immigrant on a construction site,

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the construction site controller (including the principal or main contractor and the subcontractor) may be found to have committed an offence and liable to a fine. In addition, we may be liable to claims for losses and damages, if such violations cause any personal injuries/death or damage to properties. Moreover, pursuant to the Employment Ordinance, a principal contractor or a main contractor and every tier of subcontractors shall jointly and severally be liable to pay any wages that become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance. Our operations and hence our financial position may thereby be adversely affected if any of our subcontractors violate their obligations to pay their employees.

Shortage of labour may affect our projects and our performance

Generally, our construction works are labour intensive. For any given project, a large number of workers from various trades with different skills may be required. There is no assurance that the supply of labour and average labour costs will be sufficient during the forthcoming years when the peak load of infrastructural works is ongoing. All labour intensive projects are more susceptible to labour shortage, and our subcontracting costs including labour costs of our subcontractors may escalate. If there is a significant increase in the costs of labour and we have to retain our labour (likewise our subcontractors retain their labour) by increasing their wages, our staff cost and/or subcontracting cost will increase and thus lower our profitability. On the other hand, if we or our subcontractors fail to retain our existing labour and/or recruit sufficient labour in a timely manner to cope with our existing or future projects, we may not be able to timely complete our projects resulting in liquidated damages and/or financial loss.

We depend on key management personnel

Our success and growth depends on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Our Directors and members of senior management, in particular, our executive Directors are important to us. If any of these executive Directors cease to be involved in the management of our Group in the future and our Group is unable to find suitable replacements in a timely manner, there could be an adverse impact on our business, results of operation and profitability of our Group.

We are exposed to claims arising from latent defects liability

We do not maintain any defect liability insurance and we may face claims arising from latent defects, that are existing but not yet active, developed or visible, found in the works which are constructed by us including piles, buildings or other structures. If there is any significant claim against us for defect liability of any default or failure of our services by our customers or other party, our profitability may be adversely affected.

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We are subject to certain types of liabilities that are generally not insured

Save for liabilities which are normally covered by employees' compensation insurance, contractor's all risks insurance, professional indemnity insurance and third party insurance, certain types of liabilities (such as acts of God or other natural disasters, liabilities from loss of materials, plants and equipments, etc) are generally not insured because they are either uninsurable or it is not cost justifiable to insure against certain risks. If an uninsured liability arises, we may suffer losses which may affect our financial position adversely.

We are subject to environmental liability

Our business is subject to the environmental regulations and guidelines issued by the Government, which apply to the operation of all construction projects in Hong Kong. Such regulations and guidelines may be amended by the Government from time to time to reflect the latest environmental needs. Any changes to such regulations and guidelines could impose additional cost and burden to us.

Industrial actions or strikes may affect our business

Typical construction works are divided into various disciplines, and each requires highly specialised labour. Industrial action of any one discipline may disrupt the progress of our construction works. During the Track Record Period, our construction projects did not encounter any strike action. However, there is no assurance that industrial actions or strikes will not be launched in the future. Such industrial actions or strikes may adversely impact our business performance and hence profitability and results of operation. Any delays in our completing construction works caused by such action may also be taken into consideration by the Government and thus will have impact on our winning future bids.

Personal injuries, property damages or fatal accidents may occur if safety measures are not followed at our construction sites

In the course of our operations, we require our employees to adhere to and implement all the safety measures and procedures as stipulated in our work and safety manual. We monitor and supervise closely our employees in the implementation of all such safety measures and procedures during execution of works. However, we cannot guarantee that our employees or those of our subcontractors will not violate applicable rules, laws or regulations. If any such employees fail to implement safety measures at our construction sites, personal injuries, property damage or fatal accidents may occur in greater number and/or to a serious extent. These may adversely affect the financial position of our Group to the extent not fully recoverable from our insurance policies. They may also cause our relevant licences to be suspended or not renewed.

Furthermore, public project tenders are generally evaluated by taking into account a number of factors, which includes but not limited to the contractor's compliance records with the relevant laws and regulations. We may also be subject to inspections by the relevant Government Departments (e.g. Labour Department) from time to time. Sometimes, we may not be aware of such inspections being conducted. These inspections may lead to formal charge(s) against our Group. Non-compliance and conviction records may affect our chance of winning future bids.

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Our Group's operations may be affected by inclement weather conditions and are subject to other construction risks

Our business operations are mostly conducted outdoors and are affected by weather conditions. If inclement weather conditions persist or natural disaster occurs, we may be prevented from performing works at our construction sites, and we thereby fail to meet specified time schedule. If we have to halt operations during inclement weather conditions or natural disaster, we may continue to incur operating expenses even while we experience reduced revenues and profitability. Besides, our business is subject to outbreak of severe communicable diseases (such as swine flu, avian flu, severe respiratory syndrome and Ebola virus disease), natural disasters or other acts of God which are beyond our control. These incidents may also adversely affect the economy, infrastructure, livelihood and society in Hong Kong. Acts of wars and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our operations and destroy our works performed. If any such incident occurs, our revenue, costs, financial conditions and growth potentials will be adversely affected. It is also difficult to predict the potential effect of these incidents and their materiality to our business as well as those of our customers, suppliers and subcontractors.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Our performance depends on market conditions and trends in the construction industry and in the overall economy

All our businesses and operations have been and will continue to be located in Hong Kong. The future growth and level of profitability of the construction industry in Hong Kong depend primarily upon the continued availability of large construction projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors. These factors include, in particular, the Government's spending patterns on the construction industry in Hong Kong and its land supply and public housing policy, speed of approval of the relevant budgets and/or projects, the investment of property developers and the general conditions and prospects of the Hong Kong economy. They may affect the availability of construction projects from the public sector, private sector or institutional bodies. Apart from the public spending of the Government, other factors also affect the construction industry. These other factors include cyclical trends in the economy as a whole, fluctuations in interest rates and the availability of new projects in the private sector. If there is any recurrence of recession in Hong Kong, deflation or any changes in Hong Kong's currency policy, or if the demand for construction works in Hong Kong deteriorates, our operations and profitability could be adversely affected.

We operate in a relatively competitive environment

The construction industry in Hong Kong has many participants and is competitive. Some of the major market players have significantly more resources and well-positioned than our Group, including but not limited to having long operating history, better financing capabilities and well developed, technical expertise. We consider that generally construction companies operating in Hong Kong play the role of competitors as well as business partners in our construction business as occasionally joint ventures will be formed among market players to undertake construction projects. New participants may wish to enter the industry provided that they have the appropriate skills, local experience, necessary

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machinery and equipment, capital and they are granted the requisite licences or approvals by the relevant regulatory bodies. Increased competition may result in lower operating margins and loss of market share, which may adversely affect our profitability and operating results.

We need to maintain our qualifications and status for the operation of our construction business

We are required to maintain operating qualifications and licences to conduct our construction business. Please refer to the sub-section headed “Business — Major qualifications, certifications and compliance” in this prospectus for further details. To maintain such qualifications and licences, we must comply with the regulations and conditions imposed by various Government Departments. Please see the section headed “Laws and regulations” in this prospectus for additional information.

If we fail to comply with any of these regulations, our qualifications and licences could be temporarily suspended or even revoked, or the renewal of our qualifications and licences upon expiry may be delayed or refused. In such event, our capability to undertake relevant works may be directly impacted, and our turnover and profits may be adversely affected.

RISKS RELATING TO HONG KONG

The state of economy in Hong Kong

Our performance and financial conditions depend on the state of economy in Hong Kong. Our revenue attributable to the Hong Kong market accounted for all of our Group’s total revenue during the Track Record Period. If there is a downturn in the economy of Hong Kong, our results of operations and financial position may be adversely affected. In addition to economic factors, social unrest or civil movements such as occupation activities may also affect the state of economy in Hong Kong and in such case, our Group’s operations and financial position may also be adversely affected.

The state of political environment in Hong Kong

Hong Kong is a special administrative region of the PRC. It enjoys a high degree of autonomy under the principle of “one country, two systems” in accordance with the Basic Law of Hong Kong. However, we are not in any position to guarantee the “one country, two systems” principle and the level of autonomy would be maintained as currently in place. Since our primary operations are substantially located in Hong Kong, any change of Hong Kong’s existing political environment may affect the stability of the economy in Hong Kong, thereby affecting our results of operations and financial positions.

Recently, thousands of residents of Hong Kong engaged in civil disobedience protests. Activists protested outside key government buildings and occupied several major intersections, causing major disruption to traffic and trade in the affected areas. Any political and social instability in Hong Kong, if significant and prolonged, could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISK FACTORS

RISKS RELATING TO THE SHARE OFFER AND OUR SHARES

Potential conflict of interests between the Controlling Shareholders and other minority Shareholders

Immediately following the Share Offer, our Controlling Shareholders will beneficially hold an aggregate of approximately 75% of the Shares in issue (without taking into account Shares, if any, to be allotted and issued pursuant to the exercise of any options that may be granted pursuant to the Share Option Scheme). The interests of the Controlling Shareholders may differ from the interests of the other Shareholders. There is no assurance that the Controlling Shareholders will act in our best interests or that of the minority Shareholders. If there is any conflict of interests between the Controlling Shareholders and the minority Shareholders, the Controlling Shareholders may have power to prevent us from proceeding with any proposed transactions at the general meeting which could be beneficial to us and other Shareholders, regardless of the underlying reasons.

As the maximum Offer Price is higher than the net tangible book value per Share, investors may experience immediate dilution

The maximum Offer Price of our Shares is higher than the net tangible assets book value per Share immediately prior to the Share Offer. Therefore, investors of our Shares in the Share Offer may experience an immediate dilution in the pro forma consolidated net tangible asset book value of HK\$0.53 per Share based on the maximum price of HK\$0.80 per Share. For further information, please refer to the sub-sections headed “Financial Information — Unaudited pro forma statement of adjusted consolidated net tangible assets” and “Summary — Share Offer Statistics” in this prospectus.

Shareholders’ interests in our Company may be diluted as a result of additional equity fund raising

After the Listing, we may issue additional Shares to raise additional funds to finance our business expansion. Such fund-raising activities may be made through issue of new equity or equity-linked securities of our Company, which are not made on a pro rata basis to existing Shareholders. In such event, (i) the percentage ownership of those existing Shareholders may be reduced, and they may experience subsequent dilution, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the ordinary Shares held by existing Shareholders.

There was no prior public market for our Shares. If an active trading market for our Shares does not develop, the price of our Shares may be adversely affected and may decline below the Offer Price

Prior to the Share Offer, there was no public market for our Shares. The Offer Price was the result of negotiations between us and the Lead Manager (for itself and on behalf of the Underwriters). Such Offer Price may differ significantly from the market price of our Shares following the Share Offer.

In addition, we cannot assure you that an active trading market will develop or be maintained following completion of the Share Offer, or that the market price of our Shares will not decline below the Offer Price.

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The liquidity and market price of our Shares following the Share Offer may be volatile

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and announcements of major construction works contracts awarded could cause the market price of our Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade.

There is time lag between pricing and commencement of trading of the Shares, and the price of our Shares may fall before trading begins

The Offer Price will be determined on the Price Determination Date, which is expected to be on Friday, 26 June 2015. However, trading of the Shares on the Main Board will not commence until the Listing Date, which is expected to be on Friday, 3 July 2015. During this period, investors may not be able to sell or otherwise deal in the Shares. Accordingly, holders of the Shares are subject to the risk that the Shares' price could fall before trading begins, resulted from adverse market conditions or other adverse developments that could occur between the said period of time.

Investors may experience difficulties in enforcing their shareholders' rights because our Company is incorporated in the Cayman Islands, and the protection to minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on protection of minorities is set out in the sub-section headed "Summary of Cayman Islands Companies Law and taxation" in Appendix III to this prospectus.

Future issues, offers or sale of Shares may adversely affect the prevailing market price of the Shares

Prevailing market price of Shares may, after the Listing, be negatively impacted by future issue of Shares by our Company or the disposal of Shares by any of its Shareholders or the perception that such issue or sale may occur. The Shares held by the Controlling Shareholders are subject to certain lock-up undertakings for periods up to 12 months after the Listing Date. We cannot give any assurance that they will not dispose of Shares they may own now or in the future.

Granting options under the Share Option Scheme may affect our Group's result of operation and dilute Shareholders' percentage of ownership

Our Company may grant share options under the Share Option Scheme in the future. The fair value of the options at the date on which they are granted with reference to the valuer's valuation will be charged as share-based expense, which may adversely affect our Group's results of operations. Issue of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue after such issue. It may also result in the dilution to percentage ownership

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of the Shareholders and the net asset value per Share. No option has been granted pursuant to the Share Option Scheme up to the Latest Practicable Date. For a summary of the terms of the Share Option Scheme, please see the sub-section headed “Share Option Scheme” in Appendix IV to this prospectus.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Statistics and industry information may come from various sources which may not be reliable

Certain facts, statistics and data presented in the section headed “Industry overview” and elsewhere in this prospectus relating to the Hong Kong civil engineering industry have been derived, in part, from various publications and industry-related sources prepared by government departments or Independent Third Parties. We believe that the sources of the information are appropriate sources for such information and we have no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. Neither our Group, our Directors, the Sponsor, the Lead Manager nor any of the parties involved in the Share Offer have independently verified, or make any representation as to, the accuracy of such information and statistics, as such these statistics and data should not be unduly relied upon.

Investors should read this entire prospectus carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Share Offer including, in particular, any financial projections, valuations or other forward looking statement

Prior to the publication of this prospectus, there may be press or other media, which contains certain information referring to us and the Share Offer that is not set out in this prospectus. We wish to emphasise to potential investors that neither we nor any of the Sponsor, the Lead Manager and the Underwriters, the directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the “Professional Parties”) involved in the Share Offer has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information in making your decision as to whether to subscribe the Offer Shares. You should only rely on the information contained in this prospectus and the Application Forms.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Cap. 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- (a) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;
- (b) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and
- (c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ABOUT THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sponsor, the Lead Manager, the Underwriters, and any of their respective directors or any other person involved in the Share Offer.

The following information is provided for guidance only. Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

FULLY UNDERWRITTEN

The Share Offer comprises the Placing and the Public Offer. The Share Offer is an offer of 10,000,000 Shares under the Public Offer (subject to reallocation) and 90,000,000 Shares under the Placing (subject to reallocation and the Offer Size Adjustment Option), in each case at the Offer Price. Details of the structure of the Share Offer are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus. This prospectus and the Application Forms relating thereto set out the terms and conditions of the Share Offer.

The Share Offer is sponsored by the Sponsor, lead managed by the Lead Manager and is fully underwritten by the Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be determined by agreement between us and the Lead Manager (acting for itself and on behalf of the Underwriters) on or before 8:00 p.m. on Friday, 26 June 2015. The Offer Price will be not more than HK\$0.80 per Offer Share and is currently expected to be not less than HK\$0.50 per Offer Share, unless otherwise announced. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK\$0.80 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$0.80 per Offer Share.

The Lead Manager (acting for itself and on behalf of the Underwriters) may, with our consent, reduce the number of the Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the number of the Offer Shares and/or the indicative Offer Price range will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and our Company at www.manking.com.hk, not later than the morning of the last day for lodging applications under the Public Offer.

If, for any reason, the Offer Price is not agreed between us and the Lead Manager (acting for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Monday, 29 June 2015, the Share Offer will not proceed and will lapse.

RESTRICTIONS ON SALE OF THE OFFER SHARES

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Each person acquiring the Offer Shares will be required under the Share Offer and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restriction on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the additional Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme). No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

We have instructed our Hong Kong Branch Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any Shares in the name of any particular holder unless and until the holder delivers a signed form to our Hong Kong Branch Share Registrar in respect of those Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Cayman Companies Law and our Articles of Association;
- agrees with us and each of our Shareholders that the Shares are freely transferable by the holders thereof; and

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

- authorises us to enter into a contract on his or her behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Offer Shares will be registered on our Hong Kong branch share register of members to be maintained by Tricor Investor Services Limited. Dealings in Shares registered on our Hong Kong branch share register of members will be subject to Hong Kong stamp duty. For further details about Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, or purchasing, holding or disposing of, or dealing in or exercise of any rights in relation to the Offer Shares, you should consult an expert.

None of our Company, the Sponsor, the Lead Manager, the Underwriters, their respective directors, agents or advisers and every other person involved in the Share Offer accept responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of, or dealing in or exercise of any rights in relation to the Offer Shares.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for application for Public Offer Shares is set out in the section headed “How to Apply for Public Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

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

TRADING AND SETTLEMENT

Dealings in the Shares are expected to commence on Friday, 3 July 2015. Shares will be traded in board lots of 4,000 Shares each.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

NO CHANGE IN THE NATURE OF BUSINESS

No change in the nature of business of our Group is contemplated following the Listing.

LANGUAGE

If there is any inconsistency between this English prospectus and the Chinese translation of this prospectus, this English prospectus shall prevail. If there is any inconsistency between the names of any of the entities mentioned in this prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

EXCHANGE RATES CONVERSION

For exchange rates translations throughout this prospectus (if any), we make no representations and none should be construed as being made, that any of the Hong Kong dollar or U.S. dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

ROUNDING

In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred, or hundred thousand, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding. Accordingly, the total of each column of figures as presented may not be equal to the sum of the individual items.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Lo Yuen Cheong (盧源昌) (Chairman)	Flat A, 4th Floor, Block 11 Richwood Park 33 Lo Fai Road Tai Po New Territories Hong Kong	Chinese
Mr. Lo Yick Cheong (盧奕昌)	Flat D, 8th Floor, Block 2 Grand Pacific Views Siu Lam Tuen Mun New Territories Hong Kong	British
<i>Non-executive Director</i>		
Ms. Chan Wai Ying (陳惠英)	Flat B, 25th Floor, Block 9, Ka Ting House Ka Wai Chuen Kowloon Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Leung Wai Tat Henry (梁威達)	Flat B, 4/F, Phoenix Heights (Block 2) Sha Tin 33, 16 Sui Wo Road Sha Tin, New Territories Hong Kong	Chinese
Prof. Lo Man Chi (勞敏慈)	6/F, UG Hall 3 Hong Kong University of Science & Technology Clear Water Bay, Kowloon Hong Kong	Chinese
Ms. Chau Wai Yung (周懷蓉)	Flat 01, 17/F, Tower C Fortress Metro Tower 238 King's Road North Point Hong Kong	Chinese

For further details, please refer to the section headed "Directors and Senior Management" of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED

Sponsor	Ample Capital Limited Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
Lead Manager	Ample Orient Capital Limited Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
Co-Lead Managers	CNI Securities Group Limited 10/F, Sun's Group Center 200 Gloucester Road Wanchai Hong Kong Supreme China Securities Limited Room F, 17/F, Hang Seng Tsuen Wan Building 289 Sha Tsui Road Tsuen Wan, N.T. Hong Kong
Legal advisers to our Company	<i>As to Hong Kong law:</i> Hui & Lam Rooms 1505–6, 15/F, The Center 99 Queen's Road Central Hong Kong <i>As to Cayman Islands law:</i> Maples and Calder 53rd Floor, The Center 99 Queen's Road Central Hong Kong
Legal advisers to the Sponsor and the Underwriters	<i>As to Hong Kong law:</i> Francis & Co. in association with Addleshaw Goddard (Hong Kong) LLP 802–804 Citibank Tower 3 Garden Road Central Hong Kong
Independent reporting accountants	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F, One Pacific Place 88 Queensway Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Receiving banker

The Bank of East Asia, Limited
10 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

Registered office	Maples Corporate Services Limited PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Headquarters and principal place of business in Hong Kong	Unit D, 10/F Skyline Tower 18 Tong Mi Road Mongkok, Kowloon Hong Kong
Authorised representatives	Mr. Lo Yuen Cheong Flat A, 4/F, Block 11 Richwood Park 33 Lo Fai Road Tai Po, New Territories Hong Kong Mr. Wan Ho Yin <i>Certified Public Accountant</i> Flat C, 42/F, Block 5 Metro Harbour View 8 Fuk Lee Street Kowloon Hong Kong
Company secretary	Mr. Wan Ho Yin <i>Certified Public Accountant</i> Flat C, 42/F, Block 5 Metro Harbour View 8 Fuk Lee Street Kowloon Hong Kong
Company's website	<u>www.manking.com.hk</u> <i>(information contained in this website does not form part of this prospectus)</i>
Compliance adviser	Ample Capital Limited Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong

CORPORATE INFORMATION

Audit committee	Mr. Leung Wai Tat Henry (<i>Chairman</i>) Ms. Chan Wai Ying Ms. Chau Wai Yung Prof. Lo Man Chi
Remuneration committee	Ms. Chau Wai Yung (<i>Chairman</i>) Mr. Lo Yuen Cheong Mr. Leung Wai Tat Henry Prof. Lo Man Chi
Nomination committee	Mr. Lo Yuen Cheong (<i>Chairman</i>) Mr. Lo Yick Cheong Ms. Chau Wai Yung Mr. Leung Wai Tat Henry Prof. Lo Man Chi
Principal share registrar and transfer office	Maples Fund Services (Cayman) Limited PO Box 1093 Boundary Hall, Cricket Square Grand Cayman KY1-1102 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 10/F, HSBC Main Building 1 Queen's Road Central Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower 3 Garden Road Central Hong Kong

INDUSTRY OVERVIEW

Certain information and statistics set out in this section and elsewhere in this prospectus are extracted from the Ipsos Report. The information extracted from the Ipsos Report reflects estimates of market conditions based on research and analysis of Ipsos. The information extracted from the Ipsos Report should not be viewed as a basis for investments provided by Ipsos and references to the Ipsos Report should not be considered as opinion of Ipsos as to the value of any security or the advisability of investing in our Company. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics by us, neither we, the Sponsor, the Lead Manager, the Underwriters, their respective affiliates, directors or advisers, nor any party involved in the Share Offer have independently verified such information and statistics directly or indirectly derived from official government publications, and such parties do not make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled by other parties.

COMMISSIONED REPORT FROM IPSOS

Our Company commissioned Ipsos, an independent market research company, to conduct an analysis of and produce the report on the civil engineering industry in Hong Kong. Ipsos received a total fee of HK\$288,000, which the Sponsor believes such reflects the market rate.

Our Directors confirm that Ipsos, including all of its subsidiaries, divisions and units, is independent of and not connected with our Group in any way. Ipsos has given its consent to quote from the Ipsos Report and to use information contained therein in this prospectus.

Founded in Paris, France, in 1975 and publicly-listed on the Paris Stock Exchange in 1999, Ipsos SA acquired Synovate Ltd. in October 2011. After the combination, Ipsos became the third largest research company in the world which employs approximately 16,000 full-time personnel worldwide across 85 countries. Ipsos conducts research on market profiles, market size, share and segmentation analyses, distribution and value analyses, competitor tracking and corporate intelligence.

The information contained in the Ipsos Report is derived by means of data and intelligence gathering methodology which includes: (i) desk research and (ii) primary research by interviewing key stakeholders and industry experts in Hong Kong including, but not limited to, civil engineering companies, main contractors, developers, architects, industry experts, government officials (e.g. Development Bureau) and associations (e.g. Hong Kong Construction Association) etc. in Hong Kong. Intelligence gathered has been analysed, assessed and validated using Ipsos' in-house analysis models and techniques.

The following assumptions are used in the Ipsos Report:

- It is assumed that the global economy remains a steady growth across the forecast period; and
- It is assumed that there is no external shock such as financial crisis or natural disasters to affect the demand and supply of civil engineering industry during the forecast period.

INDUSTRY OVERVIEW

RELIABILITY OF INFORMATION AND FUTURE FORECAST IN THE IPSOS REPORT

We are of the view that sources of information used in this section, which are extracted from the Ipsos Report, are reliable and not misleading as Ipsos is an independent reputable professional research agency with extensive experience in their profession.

Some of the analytical conclusions extracted from the Ipsos Report cover future forecasts. The following parameters are considered in the marketing sizing and forecasting model of the Ipsos Report:

- GDP growth rate in Hong Kong from 2009 to 2019.
- Public expenditure on infrastructure in Hong Kong from 2009 to 2015.
- Gross output value of overall construction works performed by main contractors at construction sites in Hong Kong from 2009 to 2019.
- Estimated gross output value of civil engineering industry in Hong Kong from 2009 to 2019.
- Historical price trend of key raw materials in Hong Kong from 2009 to 2014.

The Sponsor and we consider such information to be reliable, accurate and not misleading after taking into account the following factors:

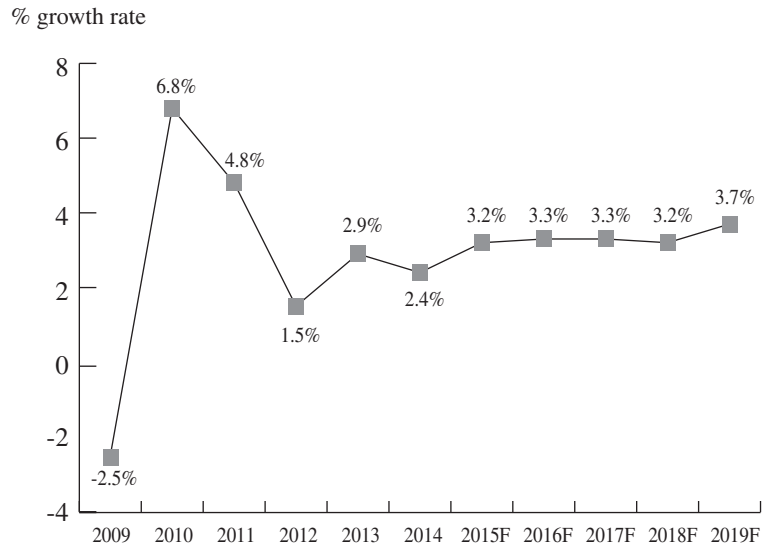
- (a) Ipsos is an independent reputable research agency with extensive experience in their profession; and
- (b) although the Ipsos Report includes forecast of the development of the civil engineering industry in Hong Kong, they do not contain performance forecast of our Company.

Our Directors confirm that, to the best of their knowledge, after taking reasonable care, there is no material adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

INDUSTRY OVERVIEW

MACROECONOMIC ENVIRONMENT IN HONG KONG

The economy of Hong Kong rebounded in 2010 from the global financial crisis that happened in the late 2008. Such growth was mainly due to a series of economic stimulus packages introduced by the government of United States and the robust economic growth in China which drove up merchandise exports and inbound tourism. The graph below sets out the GDP growth rate in Hong Kong from 2009 to 2019:



Note:

1. "F" denotes for forecasting data.

Sources: Census and Statistics Department, HKSAR, Ipsos Report

The GDP growth rate slowed down to about 4.8% in 2011 and about 1.5% in 2012 primarily due to the shadow cast by the European debt crisis which broke out in 2011, and the cool down of the economy of China in both 2011 and 2012. On the other hand, the GDP growth rate increased from approximately 1.5% in 2012 to about 2.9% in 2013 mainly due to the improved global economic outlook, including the stabilising financial conditions in Europe, the positive effect of the stimulus measures in China and improvements in global trade. The economic partnership between Hong Kong and China is anticipated to continue to support the growth of the economy of Hong Kong from 2015 to 2019. Also, the market has speculated that the United States government would raise the interest rate in 2015. Furthermore, there are emerging risks such as a pending property crash that may happen in the coming years due to an overvalued property market in Hong Kong. The aforementioned combined effect results in a moderate GDP growth rate ranging from 3.2% to 3.7% from 2015 to 2019.

INDUSTRY OVERVIEW

MARKET OVERVIEW OF THE CONSTRUCTION INDUSTRY IN HONG KONG

The construction industry in Hong Kong can be classified into three segments: building construction, civil and structural construction and fit-out construction. The building construction industry in Hong Kong is mainly divided into three categories: commercial, residential and industrial.

Macroeconomic factors influencing the construction industry in Hong Kong

With the recovery of Hong Kong's economy, construction industry is expanding at a faster pace mostly attributable to the rising demand for residential and commercial buildings.

Increase in the demand for residential buildings

From 2009 to 2014, the number of applicants on the waiting list for the public rental housing initiative grew from about 114,400 to about 271,400, representing a CAGR of approximately 18.8%. The average waiting time was about 3.2 years for general applicants and about 1.7 years for elderly person applicants in 2014. Therefore, with the Government's initiative to shorten the average waiting time for public rental housing applicants, the growth of the construction industry in Hong Kong will be driven by the planned construction of additional residential flats.

Increase in the number of enterprises

The number of newly registered local companies in 2014 increased to about 167,280 from about 109,424 in 2009, representing a CAGR of about 8.9%; whereas newly registered non-Hong Kong companies increased at a CAGR of about 3.5% from approximately 683 in 2009 to approximately 811 in 2014. As there is still substantial demand for industrial and office space in Hong Kong from logistics, warehousing, back office, and other light industrial and commercial activities, great demand is expected to continue in the future which will stimulate both public and private investments in quality high-rise commercial buildings.

Rising retail sales

The robust demand from Chinese shoppers has driven a strong growth in Hong Kong retail sales, because Hong Kong is known to be a prestige shopping destination for tourists around the world. Retail sales value grew from around HK\$274.7 billion in 2009 to approximately HK\$493.3 billion in 2014, signifying a CAGR of about 12.4%. Retail sales value is expected to grow further at an estimated 10.0% in 2015. The increase in retail sales has driven the demand for more retail space for new shopping malls, and thus amplified the rental rates. As a result, it has driven more investments into the construction industry and commercial properties market.

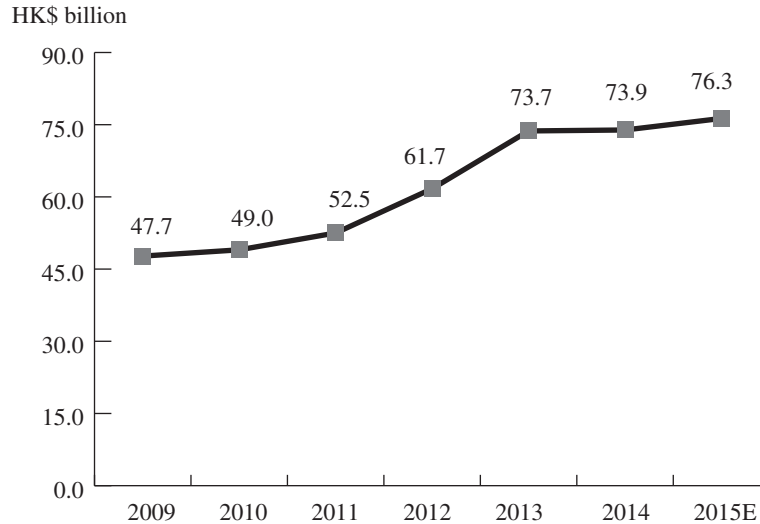
INDUSTRY OVERVIEW

Government policies affecting the construction industry in Hong Kong

The Government has implemented various policies that contributed to the growth of construction industry in Hong Kong.

Increasing public expenditure on infrastructure

The graph below sets out the public expenditure on infrastructure in Hong Kong from 2009 to 2015:



Note:

1. “E” denotes for estimating data.

Sources: The 2014–15, 2015–2016 Budget, HKSAR; Census and Statistics Department, HKSAR; Ipsos Report

The public expenditure on infrastructure in Hong Kong surged at a CAGR of about 9.2%, from approximately HK\$47.7 billion in 2009 to approximately HK\$73.9 billion in 2014. The continual growth in Hong Kong’s public expenditure on infrastructure was mainly attributed to the announcement of “Ten Major Infrastructure Projects” in 2007–2008 Policy Address.

The “Ten Major Infrastructure Projects” include South Island Line, Lok Ma Chau Loop, Sha Tin to Central Link, West Kowloon Cultural District, Tuen Mun-Chek Lap Kok Link and Tuen Mun Western Bypass, Kai Tak Development, Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai-Macau Bridge, North East New Territories New Development Areas and Hong Kong-Shenzhen Western Express Line.

According to the 2015–16 Budget Speech, the Government is expected to increase its total public expenditure on infrastructure between 2015 and 2016, including the ongoing “Ten Major Infrastructure Projects”, to about HK\$76.3 billion, which will be up by approximately 3.2% compared with 2014–15 infrastructure spending.

INDUSTRY OVERVIEW

Resumption of the land sale program

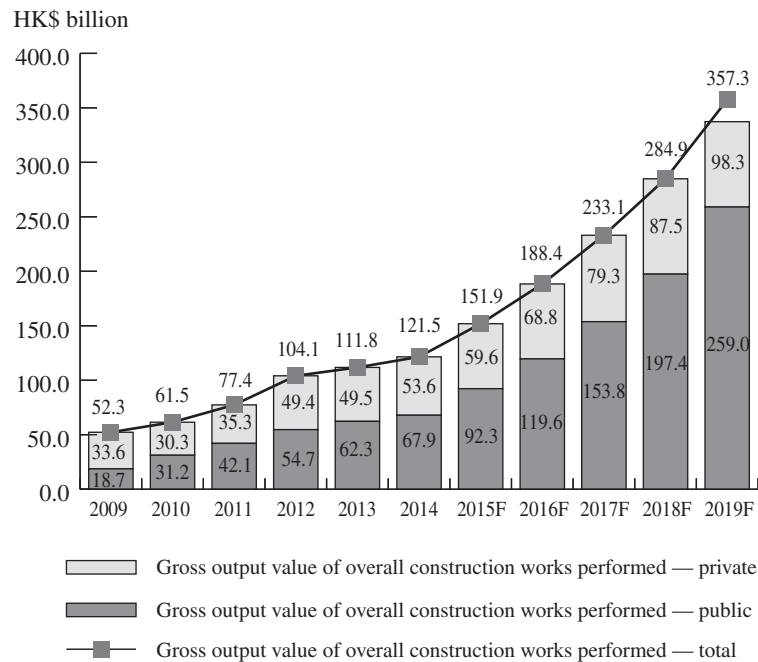
From 2010 onwards, the Government has resumed land sales to developers to increase residential land supply to cool down the overheated property market and to retain a stable and healthy property market. Around 34 housing sites are available for providing around 15,500 units in the 2014–2015 Land Sale Programme, in particular, 24 out of 34 residential sites are new sites. Therefore, the recommencement of the land sale programme will contribute greatly to the development of the construction industry.

Initiatives in securing land for residential supply

According to the 2014 Policy Address, the Government has indicated considerable tracks of undeveloped land in the New Territories North with potential to develop. Therefore, it aims to provide 20,000 public rental housing units and 8,000 home ownership scheme units per year for the next decade, which will increase the public housing supply by around 36.0% as pledged previously. Furthermore, there would be about 80 additional Green Belt sites and “Government, Institution or Community” sites in various districts with a total area of over 150 hectares rezoned for residential use in order to provide about 89,000 units in the period of 2014 and 2018.

Gross output value of overall construction works performed by main contractors at construction sites in Hong Kong

The graph below sets out the gross output value of construction works performed by main contractors at construction sites in Hong Kong from 2009 to 2019:



Note:

1. “F” denotes for forecasting data.

Sources: Census and Statistics Department, HKSAR, Ipsos Report

INDUSTRY OVERVIEW

The construction industry in Hong Kong which constituted about 3.2% to 4.0% of the total GDP from 2009 to 2013 exhibited a considerable growth. The total gross output value of construction works performed by main contractors at construction sites in Hong Kong increased from around HK\$52.3 billion in 2009 to around HK\$121.5 billion in 2014, representing a CAGR of about 18.4%. The increase was attributable to the initiatives from the Government in launching more construction projects to improve the employment opportunities in the construction industry as a measure to support the recovery of Hong Kong's economy after the 2008 global financial crisis. Starting from 2010, the public sector started to contribute more to the growth of the construction industry when compared with private sector. It is owing to the intensification of projects under the Public Housing Development Program and the launch of the "Ten Major Infrastructure Projects". The gross output value of construction works performed by main contractors at construction sites by public sector in Hong Kong is projected to grow from 2015 to 2019 at a CAGR of about 29.4% with the anticipated increase in the number of public housing produced by the Housing Authority, which includes both public rental housing and subsidised sale flats, to increase affordable housing for the public and the on-going "Ten Major Infrastructure Projects".

MARKET OVERVIEW OF CIVIL ENGINEERING INDUSTRY IN HONG KONG

Civil engineering include various types of works that cover the design, construction, and maintenance of infrastructure, including roads, bridges, canals, dams, and power plants. Based on Development Bureau's licence types, the civil engineering in Hong Kong can be classified into (i) port works; (ii) roads and drainage; (iii) site formation; and (iv) waterworks.

Recent historical development

The demand for civil engineering works has been growing in the past few years attributable to the rise in infrastructure expenditure from the Government. Civil engineering are closely related to people's living as civil engineering are involved in public infrastructure, including transportation, bridges, buildings and water systems.

In the past few years, with the rising public expenditure on infrastructure from the Government, especially the "Ten Major Infrastructure Projects", the demand for civil engineering works has been increasing. In 2014, the revenue of civil engineering industry in Hong Kong peaked at approximately HK\$67.6 billion, with a significant growth at a CAGR of about 37.4% from 2009. The percentage of gross output value of civil engineering work to the total construction work performed by both main and subcontractors in Hong Kong amounted to around 43.8%.

INDUSTRY OVERVIEW

Supply of civil engineering works in Hong Kong

The table below summarises the number of approved civil engineering contractors registered with WBDB for the various type of public works as of April 2015.

Category of civil engineering contractors registered with WBDB	Number of registered contractors by authorised contract value group/status (Note 2):
Port works	Group A: 0 Group B: 11 Group C: 23 <i>Total: 34</i>
Roads and drainage	Group A: 41 Group B: 49 Group C: 58 <i>Total: 148</i>
Site formation	Group A: 0 Group B: 47 Group C: 34 <i>Total: 81</i>
Waterworks	Group A: 21 Group B: 11 Group C: 38 <i>Total: 70</i>

Notes:

1. Contractors are registered with WBDB to provide the types of public works listed above. Certain contractors are registered to provide multiple types of public works.
2. For details of the categorisation of each group/status, please refer to the paragraph headed “Laws and regulations — C. Contractor licensing regime — Approved contractors list maintained by WBDB” in this prospectus.

The number of workers engaging in civil engineering construction sites has increased from around 11,449 in 2009 to around 27,559 in 2014. However, there has been a substantial growth of demand for civil engineering workers evidenced by the leap of gross output value of the civil engineering industry from around HK\$13.8 billion in 2009 to around HK\$67.6 billion in 2014. Therefore, despite the growth in number of workers, the civil engineering industry in Hong Kong has experienced labour shortage, similar to other sectors in the construction industry in Hong Kong. Such shortage has manifested itself in a number of ways in the civil engineering industry, including pushing up the average wage of construction workers in Hong Kong from approximately HK\$802.9 per day in December 2009 to approximately HK\$1,322.4 per day in December 2014. Moreover, there are increasing number of workers approaching retirement stage which will further exacerbate the labour shortage issue.

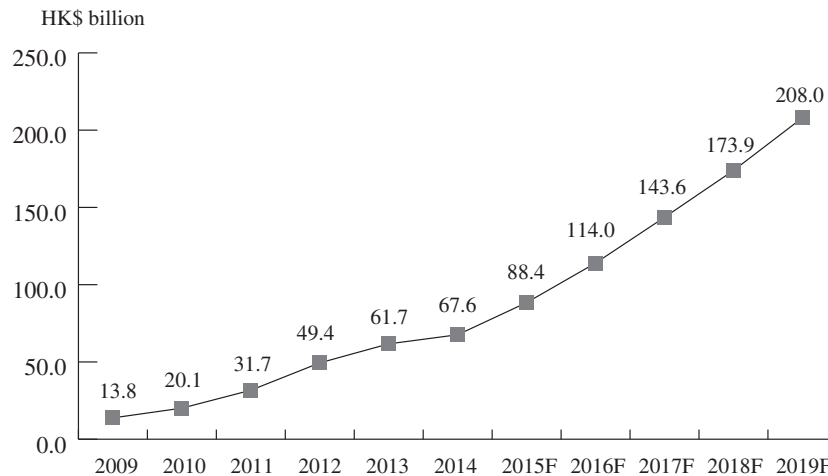
INDUSTRY OVERVIEW

Demand of civil engineering works in Hong Kong

Government Departments, such as the Architectural Services Department, the Highways Department, DSD and CEDD, and non-government bodies, such as Housing Authority and MTR Corporation Ltd., in the public sector and the property developers in the private sector are the key customer segments of the civil engineering industry. Government Departments and non-government public bodies procure civil engineering works tenders while private developers, after acquiring a land from the Government, have to prepare the land by carrying out corresponding construction works such as site formation works. Technical expertise and high work quality are the main requirements from customers in the civil engineering industry in Hong Kong.

Estimated gross output value of civil engineering industry in Hong Kong

The graph below sets out the estimated gross output value (or revenue) of civil engineering industry in Hong Kong from 2009 to 2019:



Notes:

1. Data refers to gross output value of civil engineering works in nominal terms performed by main contractors and subcontractors at construction sites.
2. "F" denotes for forecasting data.

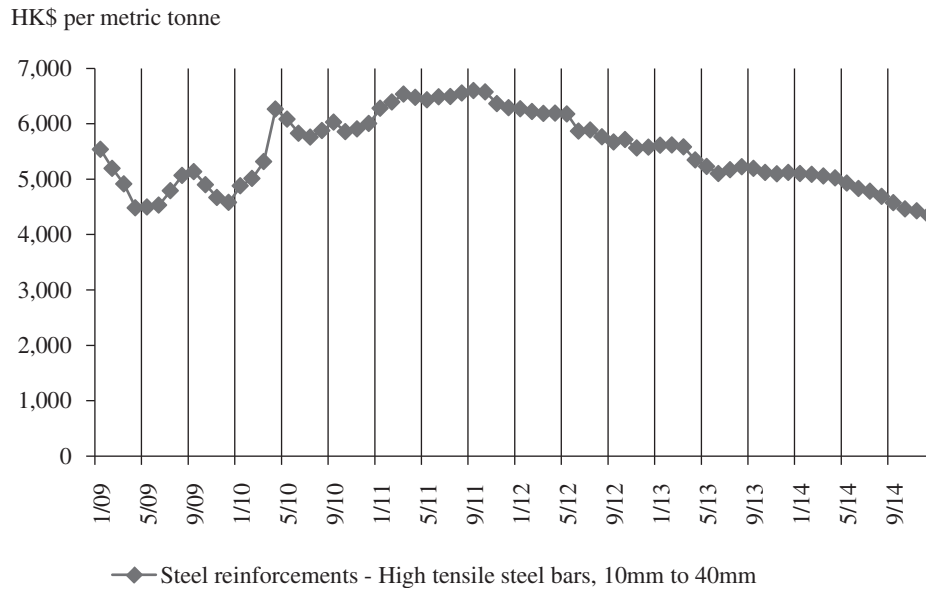
Sources: Census and Statistics Department, HKSAR; Ipsos Report

The revenue of the civil engineering industry in Hong Kong grew at a CAGR of approximately 37.4%, from approximately HK\$13.8 billion in 2009 to approximately HK\$67.6 billion in 2014. The significant increase was mainly attributed to the rising number of projects for civil engineering works, and the increase in contract value for projects carried out. Revenue of the civil engineering industry in Hong Kong is expected to grow substantially at an average rate of about 23.9% each year between 2015 and 2019. The upward momentum will be mainly fueled by the on-going "Ten Major Infrastructure Projects", construction of new development areas launch of urban renewal projects and the Government's target to increase residential units.

INDUSTRY OVERVIEW

Historical price trend of key materials for the civil engineering industry in Hong Kong

The graph below sets out the price trend of steel in Hong Kong from 2009 to 2014:

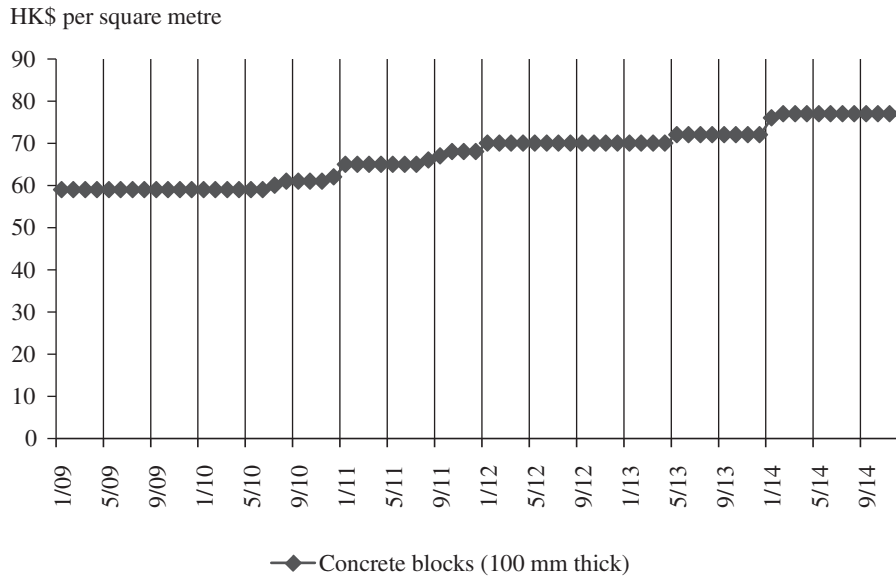


Sources: Census and Statistics Department, HKSAR; Ipsos Report

The European debt crisis, together with rising inflation and tightening monetary policy in China brought difficulties in financing, which hampered the demand for steel reinforcement from downstream industries, and in particular, the demand from export and industrial production. Therefore, average price of steel reinforcement in Hong Kong started to fall continually from about HK\$6,571.0 per metric tonne in October 2011 to about HK\$4,349.0 in December 2014, down by about 33.8%.

INDUSTRY OVERVIEW

The graph below sets out the price trend of concrete blocks in Hong Kong from 2009 to 2014:



Sources: Census and Statistics Department, HKSAR; Ipsos Report

The average wholesale prices of concrete blocks in Hong Kong grew from about HK\$59.0 to HK\$76.9 per square metre from 2009 to 2014, at CAGR of around 5.4%. Since the majority of concrete blocks has been imported from China, the rising price trend was mainly attributed to the appreciation of the Renminbi which resulted in a high commodity prices, as well as the accelerated pace of inflation in Hong Kong and the strong construction demand in Hong Kong, Macau and China. The increasing average price of cement also contributed to the rise in the price of concrete blocks as concrete is composed of around 10% to 15% of cement.

INDUSTRY OVERVIEW

Future Trends and Developments of Civil Engineering Industry in Hong Kong

The future trends and developments of civil engineering industry in Hong Kong includes increasing exportation of civil engineering consulting services, geographic expansion of civil engineering contractors and transportation link construction.

Civil engineering companies in Hong Kong have been increasingly exporting civil engineering consulting services overseas.

Civil engineering works in Hong Kong are famous for their quality around the world. Civil engineering contractors in Hong Kong have been exporting project management and engineering consulting services to emerging markets in Asia, especially China. The level of infrastructure development in China is on the rise, directly favouring the civil engineering industry in Hong Kong.

Civil engineering contractors in Hong Kong tend to expand their business coverage in emerging markets.

Emerging markets, such as India and Indonesia, have a great demand for infrastructure construction, such as road construction, port works and city planning. The relevant governments permit more foreign civil engineering contractors to participate in the management of such projects.

Due to the rapid urbanisation in China, the level of infrastructure investment has been on an increasing trend. The PRC government announced further investments in roads, railway, airports, housing and power generation facilities in the 12th Five-year plan. Civil engineering contractors have started expanding geographically to grab these opportunities.

Transportation link construction will be the major projects that promote the growth of the civil engineering industry in Hong Kong.

The transportation sector will remain the largest end-user group of Hong Kong's civil engineering industry. The "Ten Major Infrastructure Projects" are mostly transportation projects. In the short future, the infrastructure projects will still be generally related to the transportation sector, such as the continuous construction of Hong Kong-Zhuhai-Macau Bridge Related Hong Kong Projects and the Hong Kong-Shenzhen Express Link. The transportation sector will remain as one of the key drivers for the civil engineering industry in Hong Kong.

INDUSTRY OVERVIEW

COMPETITIVE ANALYSIS OF CIVIL ENGINEERING INDUSTRY IN HONG KONG

Competitive situation

There were about 679 general building contractors registered under the Buildings Department as of April 2015 for performing private construction works, and about 174 civil engineering contractors registered under the Buildings Department for performing site formation works in the private sector as of April 2015. For the public sector, there were about 34 licensed civil engineering contractors in the port works category, about 148 licensed contractors in the roads and drainage category, about 81 licensed contractors in the site formation category, and about 70 licensed contractors in the waterworks category as of April 2015.

The top five civil engineering contractors took up about 50.0% of the total market share in the civil engineering industry in Hong Kong, reflecting the dominant roles of these leading players.

The five largest civil engineering work companies in Hong Kong in 2014

Rank	Name of company	Headquarter location	Revenue in 2014 (HK\$ million)	Share of total industry revenue (%)	Key business coverage
1	Competitor A	France	15,606	23.1%	Port works, roads and drainage, site formation, waterworks
2	Competitor B	Hong Kong, China	7,003	10.4%	Port works, roads and drainage, site formation, waterworks
3	Competitor C	Australia	4,475	6.6%	Port works, roads and drainage, site formation, waterworks
4	Competitor D	Hong Kong, China	3,706	5.5%	Port works, roads and drainage, site formation, waterworks
5	Competitor E	Hong Kong, China	2,989	4.4%	Roads and drainage, site formation, waterworks
Others			33,841	50.0%	
Total			67,620	100.0%	

Source: Ipsos Report

Civil engineering industry is still growing in terms of the technology level and gross output value. Therefore, civil engineering industry is considered to be at the growth phase.

INDUSTRY OVERVIEW

Factors of competition

Necessary civil engineering works licences and qualifications

It is necessary for civil engineering contractors to obtain various licences to carry out civil engineering works in the construction industry in Hong Kong. Civil engineering contractors have to be on the registered list of relevant civil engineering categories at the Buildings Department. For public works, civil engineering contractors are required to apply for the port works, roads and drainage, waterworks and site formation licences based on the works that the company is specialised in from the Development Bureau. With sufficient project experience and working capital, civil engineering contractors can move up in the rank and take up higher value public works.

Technical expertise

Civil engineering contractors have to possess the necessary expertise to carry out different types of civil engineering works. Civil engineering contractors with such knowledge appear to be more competitive in competing for projects.

Quality of works

Quality of works is very important in the civil engineering industry of the construction industry. Low quality civil engineering works would cause serious problems, including bursting pipes, difficulties in foundation work, especially for shallow foundations. A civil engineering contractor with a reputation of quality works is more likely to win projects.

Entry barriers of the civil engineering industry in Hong Kong

Inadequate knowledge is a hindrance to new entrants

Civil engineering is a specialist segment in Hong Kong's construction industry in which civil engineering contractors are required to possess specialist knowledge to perform civil engineering works including port works, roads and drainage, site formation, and waterworks. In order to become an expert in each of the civil engineering category, it usually takes years to learn and practise. Therefore, it is a challenge for potential new entrants to become competitively experienced in a short period of time. Hence, civil engineering contractors without specialist knowledge on the type of civil engineering works they wish to engage in may find it difficult to enter the civil engineering industry.

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Sufficient financial ability is the pre-requisite to engage in civil engineering projects.

Civil engineering contractors need to meet various minimum capital requirements under different registration to be eligible for performing civil engineering works. For example, the minimum working capitals for being listed on the approved contractors for site formation, port works, waterworks and roads and drainage range from HK\$2,100,000 to HK\$18,800,000. Apart from the minimum capital requirements, investment in construction machinery is significant. New entrants may not have abundant capital to overcome the financial barrier.

Unestablished reputation hinders the new entrants to attract business.

Potential entrants are new to the market and yet to have their reputation established in the civil engineering industry. It is difficult for them to capture market share as customers favour civil engineering contractors with better reputation which generally gives comfort as to the quality of work and overall performance of the contractors. In addition, to choose among all tendering civil engineering contractors, a record of previous related projects is a highly valued criterion. At this stage, the new entrants lacking successful project records may be deemed unfit for the projects.

Opportunities of the civil engineering industry in Hong Kong

The Government's plan on a high public spending on infrastructure and new development areas is anticipated to drive the demand for civil engineering works.

The on-going plan of “Ten Major Infrastructure Projects” which was first initiated by the Government in its 2007–08 Policy Address, such as the development of Wan Chai and the New Territories areas, and the MTR extension projects, have been the major drivers of the civil engineering industry in Hong Kong. It is expected that the Government will remain its high expenditure on projects that require civil engineering works. In the 2015–16 Budget announcement, the Government raised the public expenditure to around HK\$76.3 billion on infrastructure, around 3.2% higher than the actual figure in the fiscal year of 2014–2015. The construction of railway and road infrastructure such as MTR's Shatin — Central Link and Kai Tak Station will give opportunities to the civil engineering industry of Hong Kong. With the on-going implementation of the “Ten Major Infrastructure Projects”, further growth in the civil engineering industry in Hong Kong is envisaged, and the public sector will continue to be the key contributor.

Further, in 2014, the Government has set out a 5-year plan to accommodate the growing population by providing more land for residential property development, for instance, supplying government land for public rental housing. Moreover, in order to cope with the increasing demand for residential properties, about 150 sites have been identified for residential use and will be rezoned over the next 5 years from 2014. This is estimated to provide approximately 210,000 public and private units, which will consequently drive the demand for related civil engineering works such as site formation works and waterworks. The aforementioned may likely raise the demand for ancillary facilities such as transport and road works to support the development of the sites. Therefore, these policies will continue driving civil engineering industry in Hong Kong.

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Urban renewal has been the major driving force to the civil engineering industry in Hong Kong since the past decade.

Urban renewal is one of the major trends of developed cities such as Hong Kong. The Government has been promoting urban renewal development in order to deal with the problem of urban decay in the old districts. From 2013 to 2017, Urban Renewal Authority will supply approximately a total of around 4.9 hectares of land under its development projects, which will be mainly used for residential development. It is estimated that about 4,700 flats can be provided which will provide opportunities for the construction industry as well as civil engineering industry in Hong Kong.

The strong demand in China has provided huge opportunities for civil engineering contractors to reap.

There has been a strong demand for civil engineering works in neighbouring markets such as China and Macau. China's 2014–20 urbanisation plan to increase the proportion of urban population from around 53.7% in 2013 to around 60.0% by 2020 would drive demand for Hong Kong's civil engineering services. The strong growth that can be captured due to the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA"), under which, civil engineering contractors from Hong Kong can set up wholly-owned or joint venture enterprises in China more easily than their foreign counterparts. With China's urbanisation plan and its increasing demand for civil engineering services in the areas of public infrastructures, housings and transport networks construction, it is expected that Hong Kong's civil engineering contractors will further tap into the Chinese market through the easier entry provided by CEPA.

Threats of the civil engineering industry in Hong Kong

Insufficient experienced and skilled labours may threaten the development of civil engineering industry in Hong Kong.

Unresolved labour shortage will hamper the rapid development of the civil engineering industry. According to the "Report on Manpower Research for the Construction Industry in Hong Kong" promulgated in September 2014, it was projected that over 30,000–40,000 additional construction workers, in which over 15,000–20,000 skilled workers, would be needed in 2018. Provided that a strong growth of civil engineering is expected, a large number of civil engineering workers will be in a great demand. However, the number of young people entering the construction industry, including the civil engineering industry, has been declining, and that that graduated trainees are only semi-skilled workers who need time to enhance their skills to reach the productivity level of skilled workers. The problem of insufficient experienced and skilled labour may impede the development of civil engineering industry in Hong Kong.

Increasing construction costs may harm the profitability of civil engineering contractors.

The continual increase in material and labour cost may damper profit margin of the civil engineering contractors if the cost cannot be shifted to their customers. According to the Building Works Tender Price Index, which provides an indication of the price level of tender prices for new building works undertaken by the Architectural Services Department, it has risen by around 55.6% from 2009 to 2014. Meanwhile, the index number of the composite labour wages for civil engineering contracts has increased by around 46.5% from December 2009 to December 2014, reflecting the rising

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wages of construction workers. On top of the labour cost, the increase in material cost also contributed to the increase in overall construction costs. If the increase in costs cannot be largely shared with the customers, the construction industry would face a potential drop in profitability.

The growing awareness of environment and cultural preservations may result in delays or even probably a complete halt to the projects.

Hong Kong society has been paying more attention to the cultural factors and environmental impacts brought by the civil engineering projects. The intensifying and aggravating public concerns over the construction projects may result in delays or amendments of the original projects, which increase the overall costs. For example, environmental activists have opposed the construction of the Hong Kong-Zhuhai-Macau Bridge Related Hong Kong Projects because of the accompanying air pollution and the destruction of habitat of endangered pink dolphins living around the region. Moreover heritage activists have objected to the construction of the new MTR line between Sha Tin and Central because of the destruction of ancient relics found around the site. It is foreseen that it is likely to face more opposition from the general public when there is a conflict between non-pecuniary factors and the civil engineering projects.

LAWS AND REGULATIONS

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

A. LABOUR, HEALTH AND SAFETY

Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong)

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers in an industrial undertaking. Under the Factories and Industrial Undertakings Ordinance, every proprietor shall, as far as is reasonably practicable take care of the safety and health at work of all persons employed by him at the industrial undertaking by:

- providing and maintaining plant and work systems that are safe and without risks to health;
- making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;
- providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a work environment that is safe and without risks to health.

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

Section 6BA(5) of the Factories and Industrial Undertakings Ordinance also provides that on and after the appointed day (as defined in the Factories and Industrial Undertakings Ordinance) every proprietor shall not employ at the undertaking a relevant person who has not been issued a relevant safety training certificate or whose relevant certificate has expired. A proprietor who contravenes this section commits an offence and is liable to a fine of HK\$50,000 (level 5).

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

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

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Employers must, as far as reasonably practicable, ensure the safety and health of their employees at work by attending to the following:

- providing and maintaining plant and work systems that are safe and without risks to health;
- making arrangement for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- maintaining the workspace in a condition that is safe and without risks to health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a working environment that is safe and without risks to health.

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

The Commissioner for Labour may also issue improvement notices against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance, or suspension notices against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

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

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

According to Section 40 of the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities for injuries at work in respect of all their employees (including full-time and part-time employees). Where a principal contractor has undertaken to perform any construction work, it may

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take out an insurance policy for an amount not less than HK\$200 million per event to cover his liability and that of his subcontractor(s) under the Employees' Compensation Ordinance and at common law. An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction to a fine at level 6 (currently at HK\$100,000) and imprisonment for 2 years.

Pursuant to Section 24 of the Employees' Compensation Ordinance, a principal contractor shall be liable to pay compensation to subcontractors' employees who are injured in the course of their employment to the subcontractor. The principal contractor is, nonetheless, entitled to be indemnified by the any person who would have been liable to pay compensation to the injured employee.

According to Section 15 of the Employees' Compensation Ordinance, an employer must notify the Commissioner for Labour of any work accident by submitting Form 2 (within 14 days for general work accidents and within 7 days for fatal accidents), irrespective of whether the accident gives rise to any liability to pay compensation. If the happening of such accident was not brought to the notice of the employer or did not otherwise come to his knowledge within such periods of 7 and 14 days respectively then such notice shall be given not later than 7 days or, as may be appropriate, 14 days after the happening of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

A principal contractor is subject to the provisions on subcontractor's employees' wages in the Employment Ordinance. Section 43C of the Employment Ordinance provides that if any wages become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance, such wages shall be payable by the principal contractor and/or every superior subcontractor jointly and severally. A principal contractor's liability shall be limited (a) to the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform and whose place of employment is wholly on the site of the building work; and (b) to the wages due to such an employee for 2 months without any deductions (such months shall be the first 2 months of the period in respect of which the wages are due).

An employee who has outstanding wage payments from subcontractor must serve a notice in writing on the principal contractor within 60 days after the wage due date or another 90 days if permissible. A principal contractor and superior subcontractor (where applicable) shall not be liable to pay any wages to the employee of the subcontractor if that employee fails to serve a notice on the principal contractor.

Upon receipt of such notice from the relevant employee, a principal contractor shall, within 14 days after receipt of the notice, serve a copy of the notice on every superior subcontractor to that subcontractor (where applicable) of whom he is aware.

A principal contractor who without reasonable excuse fails to serve notice on the superior subcontractors shall be guilty of an offence and shall be liable on conviction to a fine at level 5 (currently at HK\$50,000).

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

Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong)

The Construction Workers Registration Ordinance ("CWRO") was enacted on 2 July 2004 to provide, among others, for registration and regulation of construction workers. The principal object of the CWRO is to establish a system for registration of construction workers and to regulate construction workers who personally carry out construction work on construction site.

A. Employment of Registered Construction Workers

Under sections 3(1) and 5 of the CWRO, the principal contractors/subcontractors/employers/controllers of construction sites are required to employ only registered construction workers to personally carry out construction work on construction sites.

B. Keeping and Submission of Site Daily Attendance Report

Under the CWRO, a principal contractor/controller of a construction site is required to:

1. establish and maintain a daily record in the specified form that contains information on registered construction workers employed by him and, in the case of a controller being the principal contractor, by a subcontractor of the controller (Section 58(7)(a) of the CWRO); and
2. furnish the Registrar of Construction Workers in such manner as directed by the Registrar of Construction Workers with a copy of the record
 - i. for the period of 7 days after any construction work begins on the site; and
 - ii. for each successive period of 7 days, within 2 business days following the last day of the period concerned (Section 58(7)(b) of the CWRO).

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

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

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

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Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)

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

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

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$32.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance.

Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

B. ENVIRONMENTAL PROTECTION

Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)

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

A contractor shall observe and comply with the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Open Burning) Regulation, the Air Pollution Control (Construction Dust) Regulation and the Air Pollution Control (Smoke) Regulation. The contractor responsible for a construction site shall devise, arrange methods of working and carrying out the works in such a manner so as to minimise dust impacts on the surrounding environment, and shall provide experienced personnel with suitable training to ensure that these methods are implemented. Asbestos control provisions in the Air Pollution Control Ordinance require that building works involving asbestos must be conducted only by registered qualified personnel and under the supervision of a registered consultant.

Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)

The Noise Control Ordinance controls the noise from construction, industrial and commercial activities. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out general construction works. For construction activities that are to be carried out during the restricted hours and for percussive piling at all times, construction noise permits are required from the Environmental Protection Department in advance.

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Under the Noise Control Ordinance, noisy construction work and the use of powered mechanical equipment in populated areas are not allowed between 7 p.m. and 7 a.m. or at any time on general holidays, unless prior approval has been granted by the Environmental Protection Department through the Construction Noise Permit System. Certain equipment is also subject to restrictions when its use is allowed. Hand-held percussive breakers and air compressors must comply with noise emissions standards and be issued with a noise emission label from the Environmental Protection Department. Percussive pile-driving is allowed on weekdays only with prior approval, in the form of a Construction Noise Permit from the Environmental Protection Department. Any person who is in contravention of the aforesaid provisions, according to the Noise Control Ordinance, shall be liable (a) on first conviction to a fine of HK\$100,000; (b) on second or subsequent conviction, to a fine of HK\$200,000, and in any case to a fine of HK\$20,000 for each day during which the offence continues.

Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)

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

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

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

Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)

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

A contractor shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations, particularly the Waste Disposal (Charges for Disposal of Construction Waste) Regulation and the Waste Disposal (Chemical Waste) (General) Regulation.

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Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, a main contractor who undertakes construction work with a value of HK\$1,000,000 or above will be required to establish a billing account with the Environmental Protection Department to pay any disposal charges payable in respect of the construction waste generated from construction work undertaken under that contract, within 21 days after the contract is awarded.

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

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

Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong)

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

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

Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong)

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

According to the Environmental Impact Assessment Ordinance, a person commits an offence if he constructs or operates a designated project listed in Part I of Schedule 2 of the Environmental Impact Assessment Ordinance (which includes roads, railways and depots, residential and other developments, etc.) without an environmental permit for the project; or contrary to the conditions, if any, set out in the permit. The offender is liable (a) on a first conviction on indictment to a fine

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

Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)

Emission of dust from any building under construction or demolition in such manner as to be a nuisance is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is HK\$10,000 (level 3) upon conviction with a daily fine of HK\$200.

Discharge of muddy water from a construction site is actionable under the Public Health and Municipal Services Ordinance. Maximum fine is HK\$50,000 (level 5) upon conviction.

Any accumulation of water on any premises found to contain mosquito larvae or pupae is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is HK\$25,000 (level 4) upon conviction and a daily fine of HK\$450.

Any accumulation of refuse which is a nuisance or injurious to health is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is HK\$10,000 (level 3) upon conviction and a daily fine of HK\$200.

Any premises in such a state as to be a nuisance or injurious to health is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is HK\$10,000 (level 3) upon conviction and a daily fine of HK\$200.

C. CONTRACTOR LICENSING REGIME

General Building Contractor and Specialist Contractor

Under the current contractor registration system in Hong Kong, a contractor must register with the Buildings Department as general building contractor or specialist contractor. Registered general building contractors may carry out general building works and street works which do not include any specialised works (including, demolition works, foundation works, ground investigation field works, site formation works and ventilation works) designated for registered specialist contractors.

Under Section 8B(2) of the Buildings Ordinance, an applicant for registration as general building contractor or as specialist contractor must satisfy the Buildings Department on the following aspects:

- (a) if it is a corporation, the adequacy of its management structure;
- (b) the appropriate experience and qualifications of its personnel;
- (c) its ability to have access to plant and resources; and

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- (d) the ability of the person appointed to act for the applicant for the purposes of the Buildings Ordinance to understand building works and street works through relevant experience and a general knowledge of the basic statutory requirements.

Under section 8C(2)(c) of the Buildings Ordinance, a registered contractor should apply to the Buildings Department for renewal of registration not earlier than 4 months and not later than 28 days prior to the date of expiry of the registration. Application for renewal of registration received by the Buildings Department outside the specified time limit under section 8C(2)(c) will not be accepted. The application should comprise:

- (a) a duly completed specified form;
- (b) declarations in Buildings Department standard forms covering exhaustively the conviction/disciplinary/suspension records of the applicant and its key personnel i.e. the authorized signatory(ies), the technical director(s) and the other officer(s) in certain aspects;
- (c) a job reference on a minimum of one relevant building project;
- (d) certain documents relating to business registration;
- (e) the prescribed fee in accordance with Building (Administration) Regulation.

Electrical Contractor

All contractors engaged in electrical work on fixed electrical installations must be registered with the Electrical and Mechanical Services Department. To be qualified as a registered electrical contractor, an applicant must either employ at least one registered electrical worker or:

1. if the applicant is an individual, he/she must be a registered electrical worker; or
2. if the applicant is a partnership, at least one of the partners must be a registered electrical worker.

Under Regulation 13 of the Electricity (Registration) Regulations, a registered contractor should apply to the Director of Electrical and Mechanical Services for renewal of registration not earlier than 4 months and not later than 1 month prior to the date of expiry of the registration. The application should comprise:

- (a) a duly completed specified form;
- (b) a copy of business registration certificate of the contractor;
- (c) a copy of the certificate(s) of registration of the registered electrical worker(s) of the contractor;
- (d) documentary proof(s) of employment of registered electrical worker(s) including a letter confirming the employment of the registered electrical worker(s) of the contractor; and

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- (e) the prescribed fee in accordance with the Electricity (Registration) Regulations.

Approved Contractors List maintained by WBDB

In order to tender for Government contracts, a contractor must be accepted on the Approved Contractors List maintained by WBDB. Although approvals granted by WBDB are not required to be renewed annually, audited accounts of the approved contractors are submitted to WBDB annually (in addition, a Group C contractor is also required to submit half-yearly management accounts) and may be produced to relevant Government works departments prior to the contract award in order to review the financial position of the approved contractors to ensure that they meet the capital requirements as set out by WBDB. If any approved contractor fails to meet the capital requirements in a particular category, it will not be eligible for tendering or awarding any contract in that category. In the event the approved contractor fails to submit the accounts or rectify any shortfall in the required capital requirements within the prescribed period, regulatory actions such as suspension of tendering may be taken by WBDB against such approved contractor.

The Approved Contractors List is divided into five categories, namely, roads and drainage, port works, waterworks, buildings and site formation. Generally, there are three groups in each of the works categories (arranged in ascending order), namely Group A (except that there are no Group A in port works and site formation categories), Group B and Group C, with the highest rank being Group C. Each group has its particular tendering limits. Other than in the most exceptional circumstances, a contractor will be admitted initially on probation in the appropriate works category and group. After the probationary period, approved contractors may apply to WBDB for confirmed status provided they have met the following requirements:

- i. the technical and management criteria for “confirmed” status of each category of works; and
- ii. the financial criteria applicable to “confirmed” status for each category of works.

A contractor may apply for “confirmed” status after the satisfactory completion of works appropriate to its probationary status. For instance, it requires satisfactory completion of a certain number of Government works contracts within the past few years. It also requires the contracts to be of value over certain amounts, covering the whole range of the works trades, or of considerable scope and complexity. Confirmation will also be subject to the contractor being able to meet the financial criteria applicable to confirmed status, having the appropriate technical and management capabilities and in all other ways being considered suitable for confirmation. The requirement on the number of Government works contracts, the value of the contracts, financial criteria and other criteria varies depending on different group category of contractors being applied for. “Confirmed” contractors may apply to be elevated to a higher group which is subject to similar but more stringent criteria/requirements than that described above.

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

Category	Authorised contract value
Group A	Contracts of value up to \$75 million
Group B	Contracts of value up to HK\$185 million
Group C	Contracts of any values exceeding \$185 million

Requirements for retention as an approved contractor

In order to retain the current qualification held by Concentric, it has to ensure the minimum financial criteria and other requirements as below:

Group/status	Minimum employed capital	Minimum working capital	Minimum number and qualifications of full-time management and technical personnel to be employed
Group C (probationary) — Approved Contractors for Public Works — Port Works category	HK\$14.8 million plus HK\$2 million for every HK\$100 million of annualised outstanding works or part thereof above HK\$950 million	HK\$14.8 million or 8% on the first HK\$950 million of annualised outstanding works and 10% on remainder, whichever is higher	At least one member of the resident top management shall have a minimum of five years local experience in managing a construction firm obtained in the past eight years. At least two persons with a relevant degree from a Hong Kong university or equivalent with at least five years postgraduate local working experience in the relevant category of works.

LAWS AND REGULATIONS

Group/status	Minimum employed capital	Minimum working capital	Minimum number and qualifications of full-time management and technical personnel to be employed
Group B — Approved Contractors for Public Works — Roads and Drainage category	HK\$10.1 million plus HK\$5.8 million for every HK\$86 million of annualised outstanding works or part thereof above HK\$150 million, subject to a maximum of HK\$21.7 million	HK\$10.1 million or 10% on annualised outstanding works, whichever is higher	<p>At least one member of the resident top management shall have a minimum of three years local experience in managing a construction firm obtained in the past five years.</p> <p>At least one person with the following qualifications:</p> <ol style="list-style-type: none"> (1) Higher Certificate in Civil Engineering from a Hong Kong polytechnic, a Hong Kong recognised training institution or equivalent and two years local working experience in the relevant category of works; or (2) Ordinary Certificate in Civil Engineering from a Hong Kong polytechnic, a Hong Kong recognised training institution or equivalent and three years local working experience in the relevant category of works.
Group C (probationary) — Approved Contractors for Public Works — Site Formation category	HK\$14.8 million plus HK\$2 million for every HK\$100 million of annualised outstanding works or part thereof above HK\$950 million	HK\$14.8 million or 8% on the first HK\$950 million of annualised outstanding works and 10% on remainder, whichever is higher	<p>At least one member of the resident top management shall have a minimum of five years local experience in managing a construction firm obtained in the past eight years.</p> <p>At least two persons with a relevant degree from a Hong Kong university or equivalent with at least five years post-graduate local working experience in the relevant category of works.</p>

LAWS AND REGULATIONS

In order to retain the current qualification held by Peako, it has to ensure the minimum financial criteria and other requirements as below:

Group/status	Minimum employed capital	Minimum working capital	Minimum number and qualifications of full-time management and technical personnel to be employed
Group B (probationary) — Approved Contractors for Public Works — Site Formation category	HK\$4.9 million plus HK\$2.9 million for every HK\$43 million of annualised outstanding works or part thereof above HK\$73 million, subject to a maximum of HK\$10.6 million	HK\$4.9 million or 10% on annualised outstanding works, whichever is higher	<p>At least one member of the resident top management shall have a minimum of three years local experience in managing a construction firm obtained in the past five years.</p> <p>At least one person with the following qualifications:</p> <ol style="list-style-type: none"> (1) Higher Certificate in Civil Engineering from a Hong Kong polytechnic, a Hong Kong recognised training institution or equivalent and two years local working experience in the relevant category of works; or (2) Ordinary Certificate in Civil Engineering from a Hong Kong polytechnic, a Hong Kong recognised training institution or equivalent and three years local working experience in the relevant category of works.
Group C — Approved Contractors for Public Works — Roads and Drainage category	HK\$18.8 million plus HK\$2 million for every HK\$100 million of annualised outstanding works or part thereof above HK\$950 million	HK\$18.8 million or 8% on the first HK\$950 million of annualised outstanding works and 10% on remainder, whichever is higher	<p>At least one member of the resident top management shall have a minimum of five years local experience in managing a construction firm obtained in the past eight years.</p> <p>At least two persons with a relevant degree from a Hong Kong university or equivalent with at least five years post-graduate local working experience in the relevant category of works.</p>

LAWS AND REGULATIONS

Notes:

1. All Group B and Group C contractors must meet the Quality Management System Certification requirements as stipulated in WBTC No. 13/2001 and ETWB TCW No. 13/2001A.
2. The issued and paid up capital and shareholders' funds should both meet the level of minimum employed capital applicable to a contractor's highest group and status.
3. The annualised outstanding works for retention purpose is defined as the combined annual value of uncompleted works on public works contracts, Housing Authority contracts and contracts with the private sector on a world-wide basis.
4. Top management shall be the President, Chairman, Director, Managing Director, Executive Director, or General Manager etc.
5. The top management and the technical staff must be two individual persons.
6. For Group B contractors, if the technical staff does not have the required academic qualifications, he will be required to have at least 11 years of proven local experience in the relevant category of works.
7. For technical staff of Group C contractors, the following degrees are considered relevant:
 - (a) Port Works, Roads and Drainage, Site Formation, Waterworks
 - (b) Civil Engineering
 - (c) Engineering (in the civil engineering stream)

Other degrees such as those in Mechanical Engineering, Electrical Engineering and Management Studies are not considered as relevant degrees. A relevant professional qualification is equivalent to a relevant degree. The academic standard of the Associateship in Civil and/or Structural Engineering of Hong Kong polytechnic is equivalent to a Bachelor Degree in Civil and/or Structural Engineering.

Our Directors advised that, as at the Latest Practicable Date, both Concentric and Peako have respectively met the aforesaid criteria and requirements that are applicable to them.

Regulatory actions against approved contractors by the Development Bureau

The Development Bureau may take regulatory actions against the contractor's failure to meet the financial criteria within prescribed time, unsatisfactory performance, misconduct or suspected misconduct, poor site safety record, poor environmental performance, and court convictions such as contravention of site safety legislation and Employment Ordinance and employment of illegal works etc. For example, if an approved contractor is convicted of a series of safety or environmental offences within a short period of time in a project, or if a fatal construction accident occurs at a construction site for which the contractor is responsible, the Government may take regulatory actions against the contractor.

Regulatory actions include removal, suspension (which means a contractor is prohibited from tendering for works of the relevant category during the suspension period), downgrading (which includes downgrading or demoting the contractor's qualification to a lower status or class in all or any specified category), depending on the seriousness of the incident triggering the regulatory actions.

LAWS AND REGULATIONS

Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)

Under Section 14(1) of the Building Ordinance, no person shall commence or carry out any building works, without having obtained approval and consent from the Building Authority. Any person who intends to carry out alteration or addition building works in existing premises is required to appoint an authorised person, and where necessary a registered structural engineer, to prepare and submit plans for the approval of Building Authority under the Buildings Ordinance. He is also required to appoint a registered contractor to carry out the building works. The Building Authority may require that all such building works carried out in such a way that the building will comply with the standards of the Buildings Ordinance.

Under Section 4(1) of the Buildings Ordinance, every person for whom building works or street works are to be carried out shall appoint:

- (a) an authorised person as the co-ordinator of such building works or street works;
- (b) a registered structural engineer for the structural elements of such building works or street works if so required under this Buildings Ordinance; and
- (c) a registered geotechnical engineer for the geotechnical elements of such building works or street works if so required under this Buildings Ordinance.

D. TOWN PLANNING AND LAND LEASE

Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong)

The Town Planning Ordinance provides for the systematic preparation and approval of plans for the lay-out of areas of Hong Kong as well as for the types of building suitable for erection therein and for the preparation and approval of plans for areas within which permission is required for development.

Under Section 21(1) of the Town Planning Ordinance, while a plan of a development permission area is effective, no person shall undertake or continue development in the development permission area unless (a) the development is an existing use; (b) the development is permitted under the plan of the development permission area; or (c) permission to do so has been granted under Section 16 of the Town Planning Ordinance. The offender is liable, in the case of a first conviction, to a fine of HK\$500,000 and, in the case of a second or subsequent conviction, to a fine of HK\$1 million.

New Territories Leases (Extension) Ordinance (Chapter 150 of the Laws of Hong Kong)

Under Section 6 of the New Territories Leases (Extension) Ordinance, the term of certain leases that would have expired in June 1997 were extended to 30 June 2047, without payment of any additional premium.

E. OTHERS

Electricity Ordinance (Chapter 406 of the Laws of Hong Kong)

The Electricity Ordinance is to provide for the registration of electrical workers, contractors and generating facilities, to provide safety requirements for electricity supply, electrical wiring and products, to provide powers for electricity suppliers and the Government respecting electrical accidents and enforcement of the Electricity Ordinance, and to provide for measures designed to ensure that activities carried out in the vicinity of electricity supply lines do not prejudice safety or the continuity of the electricity supply.

Pursuant to Regulation 20 of the Electricity (Wiring) Regulations, owners of electrical installations shall have periodic inspection, testing and certification for fixed electrical installations. Under Regulation 20(2) of the Electricity (Wiring) Regulations, for typical industrial premises, electrical installations with an approved loading exceeding 200 amperes shall be inspected, tested and certified at least once every 5 years. Under Regulation 20(3) of the Electricity (Wiring) Regulations, for typical residential or commercial premises, electrical installations with an approved loading exceeding 100 amperes shall be inspected, tested and certified at least once every 5 years. A fixed electrical installation shall be inspected, tested and certified by a registered electrical worker. According to Regulation 24 of the Electricity (Wiring) Regulations, a person who contravenes Regulation 20 of the Electricity (Wiring) Regulations commits an offence and is liable to a fine of HK\$10,000.

Dangerous Goods Ordinance (Chapter 295 of the Laws of Hong Kong)

Pursuant to Dangerous Goods Ordinance, Cap. 295, Laws of Hong Kong, storage of any dangerous goods in excess of the prescribed exempted quantity shall require a Dangerous Goods licence.

Section 3 of the Dangerous Goods Ordinance declares “All explosives, compressed gases, petroleum and other substances giving off inflammable vapours, substances giving off poisonous gas or vapour, corrosive substances, substances which become dangerous by interaction with water or air, substances liable to spontaneous combustion or of a readily combustible nature” to be “dangerous good”.

Under Section 6 of the Dangerous Goods Ordinance, no person shall store any dangerous goods in excess of exempted quantity in any premises or places without a licence issued by the Director of the Fire Services. In accordance with Regulation 99 of the Dangerous Goods (General) Regulations, the exempted quantity of diesel oil is 2,500 litres. Storage tank for diesel oil requires the approval from the Director of the Fire Services in accordance with Regulation 99A of the Dangerous Goods (General) Regulations.

Under Section 14 of the Dangerous Goods Ordinance, any person who contravenes Section 6 of the Dangerous Goods Ordinance shall be guilty of an offence and shall be liable to a fine of HK\$25,000 and to imprisonment for 6 months.

LAWS AND REGULATIONS

Written resolutions passed by our sole Shareholder

Pursuant to the written resolutions passed by our sole Shareholder on 3 June 2015, the proposed Listing is conditional upon, among others, the satisfaction of all of the following conditions: (i) the Listing Committee granting the approval of the Listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer and Shares which fall to be allotted and issued upon the exercise of the Offer Size Adjustment Option and upon the exercise of any options which may be granted under the Share Option Scheme (and such Listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange); (ii) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements; and (iii) the Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date. For more details, please refer to the sub-section headed “Structure and Conditions of the Share Offer — Conditions of the Share Offer” in this prospectus.

HISTORY AND REORGANISATION

OUR HISTORY

Our history can be traced back to the 1990s. Peako was incorporated on 17 August 1995 by Mrs. Savonne Lo, the wife of Mr. Ronnie Lo, and Mr. Fung Kwong Hung, the cousin of Mr. Ronnie Lo. Mr. Fung Kwong Hung transferred all his interests in Peako to Mr. Ronnie Lo on 6 March 1998. In around 1998 (when Mr. Ronnie Lo became a shareholder of Peako), Mr. YC Lo and Mr. Ronnie Lo reached a consensus to co-own a family engineering business with Mr. YC Lo playing key management role for the said business's civil engineering operations, while Mr. Ronnie Lo was mainly responsible for other consultancy services. Mr. YC Lo and Mr. Ronnie Lo had agreed among themselves that their contribution to their family engineering business, whether financial contribution or contribution to the management of the business, shall be made by each of them depending upon the relevant individual's availability of financial resources, and relevant technical expertise. Relevant contributions made by each of them, accordingly, depended upon the situation, and were in the interest of the family business. The actual amount of contribution made by each of Mr. YC Lo and Mr. Ronnie Lo to their family business, whether financial or to the management of the said business, do not necessarily reflect their respective percentage interest in the family business. There is also no clear indication as to the relevant percentages of beneficial shareholdings among Mr. YC Lo and Mr. Ronnie Lo in their family business.

Concentric, formerly known as China Link Properties Limited, was incorporated on 22 August 1991 by Independent Third Parties. On 14 August 1999, Mr. YC Lo and Mr. Ronnie Lo acquired all interests in Concentric from the then shareholders. Mr. Ronnie Lo then transferred all his interests in Concentric to Mrs. Vera Lo, the wife of Mr. YC Lo, on 9 February 2004.

The two companies, Concentric and Peako, are, accordingly, vehicles employed to operate the family engineering business of the Lo family (the "Lo Family") — the members of which include: the two brothers, Mr. YC Lo and Mr. Ronnie Lo, and their respective wives, Mrs. Vera Lo and Mrs. Savonne Lo.

The family engineering business of the Lo Family

The four relevant individual shareholders of Peako and Concentric (comprising Mr. YC Lo, Mr. Ronnie Lo, and their respective spouses, Mrs. Vera Lo and Mrs. Savonne Lo) are close members of the Lo Family committed to run our Group's engineering operations under their family-owned business via the said companies, Peako and Concentric, as an integral unit.

Tracing back on the history, Concentric was acquired by Mr. Ronnie Lo and Mr. YC Lo in 1999 with each of them interested in 50% of Concentric and both of them having been directors of Concentric at the material time. Until early 2004, when Concentric obtained its first construction licence (Peako obtained the same licence in late 2002), Mr. Ronnie Lo resigned as director of Concentric, and transferred all his interest in Concentric to Mrs. Vera Lo on 18 January 2004 and 9 February 2004 respectively. In effect, therefore, from 9 February 2004 onwards, there has been no common directors and shareholders in Peako and Concentric, and such arrangement was only made at that time for the following reasons:

1. for the purpose of risk management, to avoid adverse circumstances of one company (including those of its shareholders and directors), such as lawsuits, temporary financial straits and other business risks, from affecting the operation and goodwill of the other company; and

HISTORY AND REORGANISATION

2. Concentric was, in or around 2004, mainly responsible for the civil engineering business of the Lo Family, and most electrical and mechanical consultancy services of the Lo Family were provided through Peako. In this regard, Mr. Ronnie Lo, who has the relevant expertise in the electrical and mechanical engineering field, was, at that time, principally in charge of the provision of the said consultancy services. As such, in or around 2004, the business model of Peako and Concentric as a group was still at an exploratory stage (as to whether the business should focus on civil engineering or electrical and mechanical works), the business model and structure of Peako and Concentric as a group was expected to change or be reorganised in the future. Hence, it was contemplated, at that time, that it would be better for efficacy of managing such change and reorganisation of the business in the future, to arrange Peako and Concentric to have different shareholders and directors. After years of development, both Peako and Concentric have placed their business focus on civil engineering business, while the consultancy services offered by our Group have been provided, on a smaller scale, mainly through Peako.

The separation of the family engineering business via two entities was driven by commercial consideration relating to the efficient growth and development of the business.

In line with the co-ownership of the family engineering business through Peako and Concentric, all dividends distributed by Peako and Concentric have been received on behalf, and for the benefit, of the Lo Family as a whole, and have been, and will be, used pursuant to the consensus of Mr. YC Lo and Mr. Ronnie Lo (together with their spouses). Since the establishment of Peako and Concentric, these two companies have declared dividends in aggregate of approximately HK\$62.7 million. Based on the mutual agreement of members of the Lo Family, such dividends have been applied as to (i) approximately HK\$26.8 million for the capital injection into Peako and Concentric; (ii) as to approximately HK\$26 million generally for investments for the benefit of the Lo Family (the “Dividend Investments”); (iii) as to approximately HK\$2.6 million for the personal use of the Lo Family; and (iv) as to approximately HK\$7.3 million remained unused (the “Unused Dividend”).

In line with the above, the beneficial interest of the said individual controlling shareholders in their family engineering business should, accordingly, be viewed upon as a complete inseparable unit which is further reflected, evidenced and enshrined by the following:

- (i) the establishment of a discretionary trust, the Los Family Trust, by the said members of the Lo Family, and the transfer of all their beneficial interests in their family engineering business to the trustee to hold the interests on trust for the Lo Family members; and
- (ii) the terms of the trust deed for the Los Family Trust, stating that:
 - (a) the settlors of the trust are Mr. YC Lo and Mr. Ronnie Lo (together with their spouses);
 - (b) the beneficiaries of the trust are Mr. YC Lo and Mr. Ronnie Lo (together with their spouses) and their family members;
 - (c) the trust property of the trust includes or will include the entire issued share capital of Jade Vantage Holdings Limited, the corporate controlling shareholder of the Company, the Dividend Investments and the Unused Dividend; and

HISTORY AND REORGANISATION

- (d) the trustee of the trust is LOs Brothers (PTC) Limited.
- (iii) Mr. YC Lo, Mr Ronnie Lo, and their respective spouses, through a letter of wishes re-confirm the consensus that, they, as the settlors of the trust, wish the aforesaid trust property be put into the trust, and used by the trustee for the benefit of the beneficiaries under the trust (which includes members of the Lo Family). Pursuant to the trust deed of the Los Family Trust, the Los Family Trust should be entrusted to LOs Brothers (PTC) Limited as trustee. The powers conferred on LOs Brothers (PTC) Limited as trustee are exercised through its board of directors (comprising Mr. YC Lo, Mr. Ronnie Lo, and their respective spouses). Under circumstances where consensus is unattainable on the proposed use of the trust property in question, pursuant to the memorandum and articles of association of LOs Brothers (PTC) Limited, it shall be resolved via a majority of votes at a directors' meeting of LOs Brothers (PTC) Limited. In the event that the number of votes for and against the proposal are equal at the said meeting, however, the chairperson of the board of directors shall have a casting vote. Pursuant to the memorandum and articles of association of LOs Brothers (PTC) Limited, the chairperson of the board of directors of LOs Brothers (PTC) Limited is appointed by the board of directors by majority vote at a meeting of the board of directors, or by written resolution of all directors.

Although being two separate legal entities, Peako and Concentric, have, in substance, operated together, and in conjunction with each other, as a group and jointly managed by Mr. YC Lo and Mr. Ronnie Lo. While the key/final management decisions for both Peako and Concentric are generally jointly made by Mr. YC Lo and Mr. Ronnie Lo, Mr. YC Lo has played the key management role for the said business's civil engineering operations, while Mr. Ronnie Lo was mainly responsible for other consultancy services. While not being a director or formally employed by Peako and Concentric respectively, Mr. YC Lo and Mr. Ronnie Lo were involved in the operation of Peako and Concentric (comprising projects undertaken by Peako, Concentric and their respective Joint Ventures, and PCCL Joint Venture) respectively as members of the Lo Family which are the beneficial owner of both Peako and Concentric. It is also agreed amongst members of the Lo Family that, for the purpose of risk management as explained above, each of Peako's and Concentric's directors and shareholders would be responsible for their respective company's liabilities or claims arising from projects undertaken by them.

In addition to Mr. YC Lo and Mr. Ronnie Lo, the same senior management team, including Mr. Chiu Kwok Ming, Mr. Lam Chun Pan and Mr. Lam Tat Shing, has been managing both Concentric and Peako throughout the Track Record Period.

Development

Both Peako and Concentric are principally engaged in the civil engineering business in Hong Kong. They have been focusing on public works in relation to which the main customer base includes the Government Departments under WBDB, and non-government public bodies including entities mainly engaged in (i) public housing development and management services; (ii) subsidised and non-subsidised housing development and management services; and (iii) the provision of public railway services in Hong Kong.

HISTORY AND REORGANISATION

In view of the ever increasing amount of infrastructural works that have been, and will continue to be, launched by the Government, the businesses of our Group remain focused on public civil engineering works, with an intention to reinforce the development of strategic alliances with our existing and potential joint venture partners in order to expand our business portfolio by participating in technically complex or large-scale projects.

The following table summarises the key milestones during the course of development of the business of our Group:

1995	Peako was incorporated in Hong Kong on 17 August 1995.
1999	Mr. YC Lo and Mr. Ronnie Lo acquired Concentric on 14 August 1999.
2002	Peako was accredited ISO 9001:2008 certification by HKQAA. Peako was included in the Approved Contractors List under the category of “Roads and Drainage” in Group B (probation) by the Development Bureau.
2003	Concentric was accredited ISO 9001:2008 certification by HKQAA.
2004	Concentric was approved as a general building contractor and specialist contractor (site formation works) by the Building Authority.
2007	Concentric was confirmed in the Approved Contractors List under the category of “Site Formation” in Group B by the Development Bureau.
2009	Peako was confirmed in the Approved Contractors List under the category of “Roads and Drainage” in Group B by the Development Bureau. Concentric was confirmed in the Approved Contractors List under the category of “Port Works” in Group B by the Development Bureau.
2010	Peako was confirmed in the Approved Contractors List under the category of “Roads and Drainage” in Group C by the Development Bureau.
2011	Peako was included in the Approved Contractors List under the category of “Site Formation” in Group B (probation) by the Development Bureau.
2012	Concentric was confirmed in the Approved Contractors List under the category of “Roads and Drainage” in Group B by the Development Bureau.
2014	Our Company was incorporated in the Cayman Islands as part of the Reorganisation process for the purpose of Listing.
2015	Concentric was included in the Approved Contractors List under the category of “Port Works” in Group C (probation) by the Development Bureau.

HISTORY AND REORGANISATION

CORPORATE DEVELOPMENT

The following describes the corporate history of our Company and our subsidiaries.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on 12 November 2014 with an authorised share capital of HK\$2,000,000,000.00 divided into 200,000,000,000 Shares, which 10,000 Shares were allotted to Jade Vantage Holdings Limited. Our Company is the holding company of our subsidiaries. As at the Latest Practicable Date, all allotted and issued shares of our Company were held by Jade Vantage Holdings Limited.

As a result of the Reorganisation, our Company indirectly holds all the interest in our Hong Kong subsidiaries, namely, Peako and Concentric. Please refer to the sub-section headed “Reorganisation” in this section for further details about the Reorganisation.

Our Subsidiaries in the BVI and Hong Kong

Peako

Peako was incorporated in Hong Kong as a limited liability company on 17 August 1995 with authorised share capital of HK\$10,000.00 divided into 10,000 ordinary shares of HK\$1.00 each.

On 17 August 1995, Mr. Fung Kwok Hung and Mrs. Savonne Lo each subscribed for one (1) share in Peako. On 23 August 1995, Mr. Fung Kwok Hung and Mrs. Savonne Lo were allotted 1,999 shares and 7,999 shares of Peako respectively. On 6 March 1998, Mr. Fung Kwok Hung transferred all his interests in Peako to Mr. Ronnie Lo. There were then several allotments of shares to Mrs. Savonne Lo and Mr. Ronnie Lo from 2002 to 2014.

As at the commencement date of the Track Record Period, the authorised share capital of Peako was HK\$16,800,000.00 divided into 16,800,000 ordinary shares of HK\$1.00 each. Mrs. Savonne Lo and Mr. Ronnie Lo owned 80% (13,440,000 shares) and 20% (3,360,000 shares) shareholding interest in Peako respectively.

On 17 November 2014, Peako allotted and issued 1,600,000 shares and 400,000 shares, all credited as fully paid, to Mrs. Savonne Lo and Mr. Ronnie Lo at a consideration of HK\$1,600,000 and HK\$400,000, respectively. As a result, Peako has 18,800,000 issued shares. Mrs. Savonne Lo and Mr. Ronnie Lo hold 15,040,000 shares and 3,760,000 shares in Peako, respectively.

Concentric

China Link Properties Limited (中聯置業有限公司) was incorporated in Hong Kong by Independent Third Parties as a limited liability company on 22 August 1991 with authorised share capital of HK\$10,000.00 divided into 10,000 ordinary shares of HK\$1.00 each.

HISTORY AND REORGANISATION

On 22 July 1999, Mr. Ronnie Lo and Mr. YC Lo were each allotted 4,999 shares of Concentric. On 14 August 1999, Mr. Ronnie Lo and Mr. YC Lo fully acquired Concentric from the previous shareholders, who were Independent Third Parties. There were then several allotments of shares of Concentric to Mr. Ronnie Lo and Mr. YC Lo. As of 9 February 2004, Mr. Ronnie Lo and Mr. YC Lo each held 2,500,000 shares of Concentric. On 9 February 2004, Mr. Ronnie Lo transferred all his interest in Concentric to Mrs. Vera Lo. There were then several allotments of shares to Mr. YC Lo and Mrs. Vera Lo from 2006 to 2014.

The name of China Link Properties Limited (中聯置業有限公司) was changed to Concentric Construction Limited (協力建業有限公司) with effect from 20 August 1999.

As at the commencement date of the Track Record Period, the authorised share capital of Concentric was HK\$10,600,000.00 divided into 10,600,000 ordinary shares of HK\$1.00 each. Mr. YC Lo and Mrs. Vera Lo each owned 50% (5,300,000 shares) shareholding interest in Concentric.

On 12 May 2011, Concentric allotted and issued 1,000,000 shares and 1,000,000 shares, all credited as fully paid, to Mr. YC Lo and Mrs. Vera Lo at a consideration of HK\$1,000,000 and HK\$1,000,000, respectively. On 17 November 2014, Concentric further allotted and issued 1,100,000 shares and 1,100,000 shares, all credited as fully paid, to Mr. YC Lo and Mr. Vera Lo at a consideration of HK\$1,100,000 and HK\$1,100,000, respectively. As a result, Concentric has 14,800,000 issued shares. Mr. YC Lo and Mrs. Vera Lo each holds 7,400,000 shares in Concentric.

Keytime Developments Limited

In anticipation of the Reorganisation, Keytime Developments Limited was incorporated in the BVI on 16 October 2014 as a limited liability company with an authorised share capital of US\$50,000.00 divided into 50,000 shares of US\$1.00 each. On 30 December 2014, one share of Keytime Developments Limited was allotted to our Company credited as fully paid at par. Since 30 December 2014, Keytime Developments Limited was owned as to 100% by our Company.

Wit Plus Limited

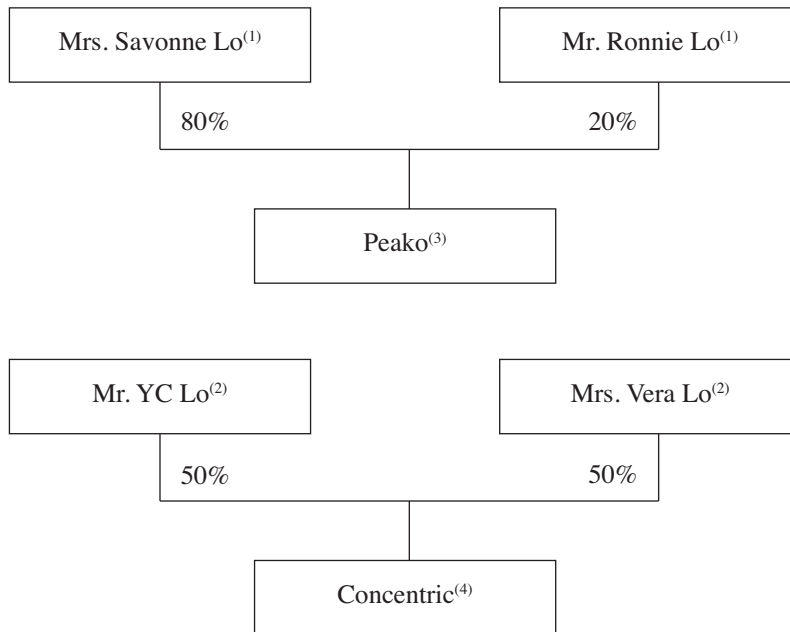
In anticipation of the Reorganisation, Wit Plus Limited was incorporated in the BVI on 6 October 2014 as a limited liability company with an authorised share capital of US\$50,000.00 divided into 50,000 shares of US\$1.00 each. On 30 December 2014, one share of Wit Plus Limited was allotted to our Company credited as fully paid at par. Since 30 December 2014, Wit Plus Limited was owned as to 100% by our Company.

HISTORY AND REORGANISATION

REORGANISATION

As part of the Reorganisation, a number of share transfers had been effected. Pursuant to the Reorganisation in preparation for the Listing, our Company became the holding company of our Group on 31 December 2014.

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



Notes:

- (1) Mrs. Savonne Lo is the spouse of Mr. Ronnie Lo.
- (2) Mr. YC Lo is the spouse of Mrs. Vera Lo.
- (3) Peako was incorporated in Hong Kong and is principally engaged in the civil engineering business in Hong Kong.
- (4) Concentric was incorporated in Hong Kong and is principally engaged in the civil engineering business in Hong Kong.

In preparation for the Listing, our Group underwent the Reorganisation, the major steps of which include:

- (i) Keytime Developments Limited was incorporated in the BVI on 16 October 2014 as a limited liability company with an authorised share capital of US\$50,000.00 divided into 50,000 shares of US\$1.00 each. One share credited as fully paid, was allotted and issued to our Company on 30 December 2014;

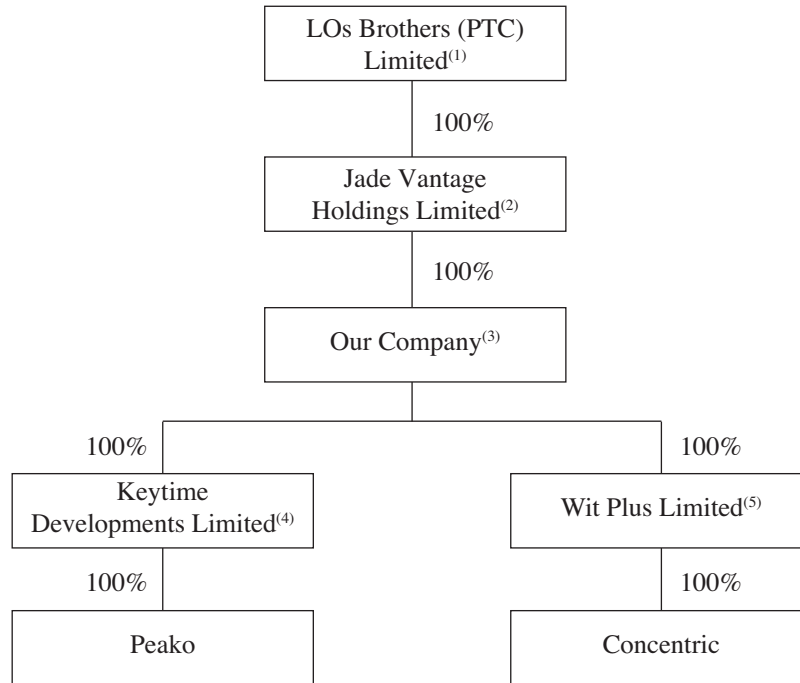
HISTORY AND REORGANISATION

- (ii) Wit Plus Limited was incorporated in the BVI on 6 October 2014 as a limited liability company with an authorised share capital of US\$50,000.00 divided into 50,000 shares of US\$1.00 each. One share credited as fully paid, was allotted and issued to our Company on 30 December 2014;
- (iii) On 31 December 2014, at the direction of Jade Vantage Holdings Limited, Mrs. Savonne Lo and Mr. Ronnie Lo transferred all their respective shares in Peako to Keytime Developments Limited in consideration for the allotment and issuance by Jade Vantage Holdings Limited of 4,000 shares and 1,000 shares, all credited as fully paid, to Mrs. Savonne Lo and Mr. Ronnie Lo respectively;
- (iv) On 31 December 2014, at the direction of Jade Vantage Holdings Limited, Mr. YC Lo and Mrs. Vera Lo transferred all their respective shares in Concentric to Wit Plus Limited in consideration for the allotment and issuance by Jade Vantage Holdings Limited of 2,500 shares and 2,500 shares, all credited as fully paid, to Mr. YC Lo and Mrs. Vera Lo, respectively; and
- (v) LOs Brothers (PTC) Limited was incorporated in the BVI on 5 November 2014 as a company limited by guarantee and not authorised to issue shares. On 11 June 2015, Mr. YC Lo, Mrs. Vera Lo, Mr. Ronnie Lo and Mrs. Savonne Lo, as co-settlers, established the Los Family Trust with LOs Brothers (PTC) Limited as Trustee. Mr. YC Lo, Mrs. Vera Lo, Mr. Ronnie Lo and Mrs. Savonne Lo transferred all their respective shares in Jade Vantage Holdings Limited to LOs Brothers (PTC) Limited as trustee of the Los Family Trust for nil consideration. Ultimately, LOs Brothers (PTC) Limited holds the entire interest in Jade Vantage Holdings Limited on trust for Mr. YC Lo, Mrs. Vera Lo, Mr. Ronnie Lo, Mrs. Savonne Lo, and their family members.

As a result of the Reorganisation, our Company became the holding company of our Group comprising Peako and Concentric. As confirmed by our Directors, there were no outstanding options, warrants and/or convertibles in respect of each member of our Group as at the Latest Practicable Date.

HISTORY AND REORGANISATION

The following chart sets out our corporate and shareholding structure immediately following the completion of the Reorganisation:

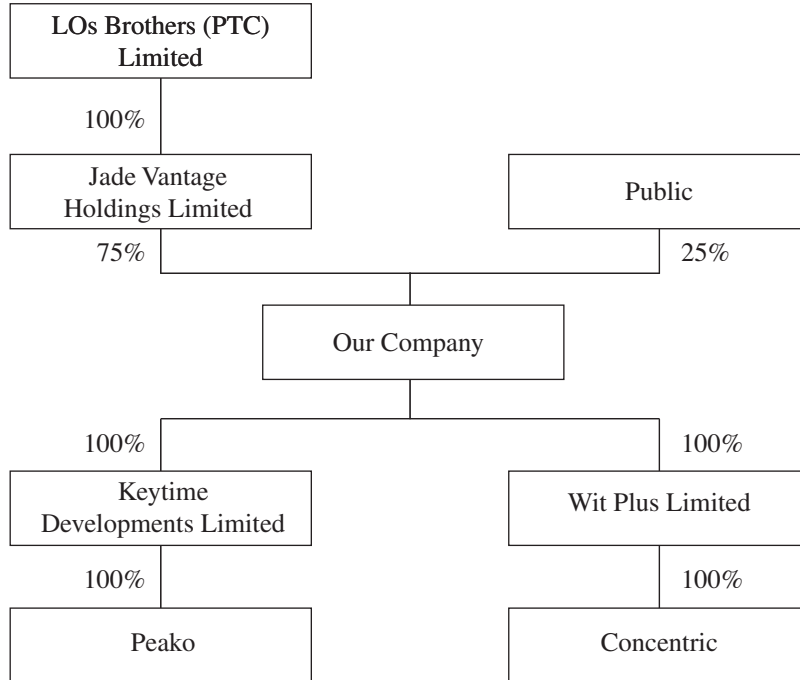


Notes:

- (1) LOs Brothers (PTC) Limited was incorporated in the BVI as a company limited by guarantee and acts as the trustee of the Los Family Trust.
- (2) Jade Vantage Holdings Limited was incorporated in the BVI and is principally engaged in investment holding.
- (3) Our Company was incorporated in the Cayman Islands and is principally engaged in investment holding.
- (4) Keytime Developments Limited was incorporated in the BVI and is principally engaged in investment holding.
- (5) Wit Plus Limited was incorporated in the BVI and is principally engaged in investment holding.

HISTORY AND REORGANISATION

The following chart sets out our corporate and shareholding structure immediately following completion of the Share Offer and Capitalisation Issue, assuming that the Offer Size Adjustment Option is not exercised:



OVERVIEW

We are a main contractor in the construction industry principally engaged in providing civil engineering services in Hong Kong. To a lesser extent, we are also engaged in the provision of consultancy services mainly in the capacity of independent checking engineer on electrical and mechanical engineering works. We had undertaken 19 major civil engineering projects during the Track Record Period and up to the Latest Practicable Date. Among the 19 projects, 13 projects had been completed as at the Latest Practicable Date. As at the Latest Practicable Date, we had 6 major projects in progress with a total estimated outstanding contract sum attributable to our Group up to 30 April 2015 of approximately HK\$215.8 million. In addition, we were awarded with a new contract of contract sum of approximately HK\$55.6 million in May 2015. Further details of our projects are set out in the sub-section headed “Business — Our civil engineering projects” in this prospectus. Based on our turnover for the year ended 31 March 2015 of approximately HK\$260.8 million and the total revenue of the civil engineering industry in Hong Kong of approximately HK\$67,620 million, our Group accounted for a market share of approximately 0.4%.

The civil engineering works undertaken by us are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works. Our operating procedures in relation to execution of civil engineering project principally involve identification of potential projects, preparation and submission of tender documents and project implementation. In executing a civil engineering project, we, being a main contractor, principally participate in the procurement of materials, machinery and equipment, selection of subcontractors, carrying out on-site supervision, monitoring work progress and overall co-ordination of day-to-day work of the project.

Our customers comprise mainly public bodies. Our Group classifies public sector projects as projects in which the customers are (a) Government Departments and (b) non-government public bodies including entities mainly engaged in (i) public housing development and management services; (ii) subsidised and non-subsidised housing development and management services; and (iii) the provision of public railway services in Hong Kong. During the Track Record Period, all of our revenues were derived in Hong Kong, of which 98.1%, 99.4% and 98.7% were derived from public sector projects respectively.

According to the Ipsos Report, the demand for civil engineering works is expected to increase in future and the estimated gross output value of the civil engineering industry in Hong Kong will increase from approximately HK\$67.6 billion in 2014 to approximately HK\$208.0 billion in 2019. Our revenues for the three years ended 31 March 2015 were approximately HK\$255.3 million, HK\$201.0 million and HK\$260.8 million respectively.

COMPETITIVE STRENGTHS

We believe that our competitive strengths will enable us to maintain our position as one of the active market players in the Hong Kong civil engineering industry. Our competitive strengths include the followings:

Experienced management and professional project management teams

Our founders, Mr. YC Lo and Mr. Ronnie Lo, each has many years of experience and knowledge in project management and technical aspects of the construction industry in Hong Kong as each of them has been involving in the industry for over 33 years.

Our project management teams have extensive industry and technical knowledge in civil engineering industry and our engineers have well developed practical skills and experience. Our project managers have relevant industry experience and possess relevant professional qualifications as required for the civil engineering works. For instance, as at the Latest Practicable Date, most of our engineering staff possess the relevant engineering trainings and/or academic qualifications to supervise civil engineering works. Our executive Directors have been serving our Group since our establishment and some of our senior management staff have been working with us for over 10 years. We believe their project management experience and technical skills of civil engineering would facilitate the efficient and timely implementation and management of our projects.

We believe the combination of our project management expertise and knowledge of the civil engineering industry in Hong Kong, together with our highly qualified and experienced engineering staff have been and will continue to be our valuable assets enabling us to take up projects of various scale and expand our business continuously. During the Track Record Period and up to the Latest Practicable Date, we had completed 13 major civil engineering projects in public and private sectors.

Long-term history and good reputation with a proven track record developed in the civil engineering industry

Our history can be traced back to 1995 when Peako was incorporated. Some of the market players in the Hong Kong civil engineering industry have known our management for almost 15 years. We believe the long-term presence of us and our management in the civil engineering industry gives our customers an overall confidence in our ability to complete quality civil engineering works in a timely manner.

Our Directors believe that we have (i) good reputation in the industry and experience of working on public sector projects with substantial proven track record; (ii) the capability of delivering our job on time and to the satisfaction of our customers; and (iii) established a good business relationship with our major customers.

Well positioned in undertaking public sector civil engineering works

As a construction contractor in Hong Kong, our Group is well positioned in undertaking different categories and scales of civil engineering works in public sector. This differentiates us from other construction contractors. We believe our positioning gives us an advantage in carrying

out public sector civil engineering works in view of our portfolio of licences. We are approved contractors included in the Approved Contractors List under the categories of, including roads and drainage works (Group B and C), site formation works (Group B and C, probationary) and port works (Group C, probationary), which enable us to tender for both medium and large scale Government projects. In addition, we are one of the approximately 15 approved contractors who are concurrently on the Approved Contractors List under the categories of “Port Works”, “Roads and Drainage” and “Site Formation” for Group C (either on probation or confirmed) as at the Latest Practicable Date. Further details of our qualifications are set out in the paragraph headed “Business — Major qualifications, certifications and compliance — Qualifications in Hong Kong” in this prospectus.

Also, our Group’s positioning enables our Group to be directly benefited from the opportunities from increasing public expenditure on infrastructure in Hong Kong. According to the Ipsos Report, the public expenditure on infrastructure in Hong Kong surged from approximately HK\$47.7 billion in 2009 to approximately HK\$73.9 billion in 2014. According to the 2015–16 Budget Speech of the Government, the Government will invest about HK\$76.3 billion in infrastructure in 2015–16.

In view of the increasing public expenditure on infrastructure, details of which are set out in the section headed “Industry Overview” in this prospectus, and our experience in the civil engineering industry with the possession of the requisite licences and qualifications for Government projects, we consider that our Group is well positioned to capture the business opportunities as our Directors believe such infrastructure projects would expectedly involve roads and drainage, site formation works, port works and other civil engineering works.

Systematic and effective tender review, analysis and pricing procedures

Our Group adopts systematic tender review procedures to price our tenders in which our Directors and our assistant general manager, with the aid of our special in-house computing software, will work together to ensure that we are able to submit competitive tenders with adequate profit margins.

Our systematic tender review procedures involve (i) a feasibility study on the technical requirements, expected completion time, quality expectation and possible risks associated with a project; (ii) site visit by tendering team to examine the site condition, topography and ground conditions which may affect the construction method and its cost, site set up and resources for the works; (iii) sensitivity test on tender price and predicted revenue due to changes in major items of works; and (iv) finalising the pricing based on our Directors’ experience, expertise, available resources and prevailing market condition.

We believe that such systematic tender review procedures will ensure that we are able to (i) devise construction methods and allocate our resources efficiently and economically; and (ii) select the appropriate subcontractors and procure appropriate materials, machinery and equipment for the potential projects, thus enabling us to submit competitive and profitable tender proposals.

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Our extensive network with our major suppliers and subcontractors

Our Group has established and maintained a close business relationship with a network of suppliers and subcontractors. Some of our major suppliers and subcontractors had known or worked with us for over 7 years. Our Directors believe that our on-time settlements of accounts payable has won our Group with a network of stable suppliers and subcontractors, which in turn enables us to have flexibility and competitiveness in pricing and selection of vendors. Our established long-term business relationships with our suppliers and subcontractors could also mitigate the risk of shortage or delay in delivery of materials or subcontracting services which would otherwise cause material disruption to our works.

Stringent quality control and commitment to high safety standard and environmental management

We place considerable emphasis on the distinctive and consistent quality of civil engineering works and have therefore implemented a stringent quality control system that complies with international standards. Peako and Concentric were accredited with the ISO 9001:2008 certification for our quality management system as early as 2002 and 2003 respectively. Our experienced project management teams are responsible for executing and maintaining the construction works up to the quality requirements. In addition, we devise project-specific quality plan to ensure the project works are to be completed in compliance with the contract requirements. We have also set up an occupational health and safety management system to promote safe working practices among all employees and to avoid the occurrence of accidents. Further, we have set up an environmental management system to strengthen environmental awareness and to prevent environmental pollution. Further details of our quality control measures, health and safety management system and environmental management system are set out in the sub-sections headed “Business — Quality control”, “Business — Work safety” and “Business — Environment” in this prospectus.

BUSINESS STRATEGIES AND PROSPECTS

We will continue to play an active role in seeking opportunities in the civil engineering industry in Hong Kong especially in the public sector, in order to achieve sustainable growth in our business and create long-term shareholder’s value. We will keep focusing on undertaking civil engineering works, particularly in the public sector. As at the Latest Practicable Date, our Directors have not identified any material acquisition targets outside our intended use of proceeds as disclosed under the section headed “Future plans and use of proceeds” in this prospectus.

We plan to expand our scale by (i) acquiring additional machinery and equipment; (ii) hiring of additional staff; and (iii) upgrading our information technology system and software. In this regard, machinery and equipment (including lifting cranes, trucks and marine working vessels) for civil engineering works will be acquired with an aim to optimise our construction efficiency. Additional staff (including project manager, engineer and machinery operators) are planned to be hired. Our existing information technology system and software will be upgraded from time to time with an aim to enhance our competitive edge in tendering as well as our Group’s design and communication capability. Our Directors believe that by expanding our scale of operation, we will be able to (i) participate in larger-scale civil engineering projects; (ii) broaden our customer base by meeting the pre-qualification requirements set by potential customers to be their selected contractors; and (iii) have additional manpower to further strengthen our quality assurance which is of utmost importance to our Group’s

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competitiveness and ongoing development in the Hong Kong civil engineering industry. For further details regarding the proposed spending of proceeds from the Share Offer under these plans, please refer to the sub-section headed “Future plans and use of proceeds — Use of proceeds” in this prospectus.

In order to minimise machinery rental costs and cope with our expected business growth, in particular participating in large scale marine projects after the recent promotion from Group B (confirmed) to Group C (probationary) under Approved Contractors for Public Work — Port Works category in January 2015, we intend to acquire two marine working vessels, one lifting crane, three trucks/lorries, two excavators and other machineries such as generators. As at 31 March 2015, our Group did not have lifting cranes, trucks and marine working vessels, and the major type of machinery owned by our Group mainly represented generators, rock splitters and gasifiers which have been fully depreciated. For the three years ended 31 March 2015, the machinery and equipment leasing cost of our Group was approximately HK\$4.6 million, HK\$4.4 million and HK\$5.0 million respectively. In addition, certain machinery and equipment were provided by our subcontractors and the costs of leasing such machinery and equipment had generally been included in the subcontracting fee as a lump sum. The expected total capital expenditure for the aforesaid acquisition will be HK\$26.9 million and we estimate the purchases will be wholly financed by the proceeds from the Share Offer. In the event the Offer Price is set at the low-end of the proposed Offer Price range, the shortfall will be financed by our internal resources. In view of the above purchases, we believe that (i) our tender success rate will be enhanced due to the immediate availability of relevant machineries and equipment according to tender requirements; (ii) our construction efficiency will also be enhanced due to the immediate availability of the said machineries and equipment allowing us to allocate our resources more efficiently and economically; (iii) the budget of our civil engineering project can be more accurate, thus enabling us to submit competitive and profitable tender proposals; and (iv) our machinery rental costs will be reduced. We expect an increase in depreciation charges of approximately HK\$2.1 million, HK\$5.9 million, HK\$5.9 million, HK\$5.9 million, HK\$4.4 million, HK\$1.3 million, HK\$1.2 million and HK\$0.2 million for the eight years ending 31 March 2023, respectively, as a result of the purchases of aforesaid machineries and equipment after the Listing. Details of the relevant risks relating to the purchases of additional machineries and equipment are set out in the paragraph headed “Risk factors — Risks relating to our business in general — Any failure, damage or loss of our machinery may adversely affect our operations and financial performance” in this prospectus.

Besides, we will reinforce the development of strategic alliances with our existing and potential joint venture partners whose resources, technical skills and strategies are complementary to ours. In particular, our Group has established a new Joint Venture entity with Hong Kong River Engineering Company Limited which was our new Joint Venture partner during the Track Record Period. Our Directors believe that customers may tend to award technically complex or large-scale projects to joint ventures formed by two or more construction contractors with combined credential and expertise instead of to some single individual contractors. Therefore, we believe that this strategy can serve to (i) increase our competitive edge by leveraging on the resources and expertise of our Joint Venture partners; and (ii) expand our business portfolio by participating in technically complex or large-scale projects.

We will also continue to maintain a disciplined financial strategy in our business operations. Our Group has maintained a strong financial position in terms of a low gearing ratio. We intend to continue to maintain such strong financial position without exposing to aggressive gearing in order to achieve sustainable growth in the long term. We also intend to continue to actively manage our project process

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to ensure sufficient cash generated internally for our ongoing capital needs. Our Directors believe that a prudent financial management in capital commitment could provide reasonable return for shareholders steadily while ensuring our continued growth in the long term.

In particular, according to the 2015–2016 Budget Speech, the Government has planned to raise the total public expenditure on various ongoing infrastructure projects to around HK\$76.3 billion from 1 April 2015 to 31 March 2016, approximately up by 3.2% from the 2014–2015 spending on infrastructure, which include Hong Kong-Macau-Zhuhai Bridge, Central-Wan Chai Bypass project, Guangzhou-Shenzhen-Hong Kong Express Rail Link and Liantang Boundary Control Point.

In view of the increasing spending committed by the Government on infrastructure works, our Directors believe that the gross output value of the civil engineering industry in Hong Kong will continue to rise. Having considered (i) our solid experience in the civil engineering industry, (ii) our possession of the requisite licences and qualifications for undertaking civil engineering projects in both private and public sectors, (iii) our continuous participation in public projects over the Track Record Period, and (iv) we are one of the approximately 15 approved contractors who are concurrently on the Approved Contractors List under the categories of “Port Works”, “Roads and Drainage” and “Site Formation” for Group C (either on probation or confirmed) as at the Latest Practicable Date, in which we are permitted to undertake aforesaid public works of any values exceeding HK\$185 million in Hong Kong as at the Latest Practicable Date, our Directors are of the view that we are well positioned to capture the emerging business opportunities. In addition, we are one of the main contractors in Hong Kong who possess both Group B and C licences (either on probation or confirmed) under the categories of “Roads and drainage” and “Site formation”. Such qualifications allow more flexibility in our tendering and sourcing of new projects. Further details of the future development of the civil engineering industry in Hong Kong are set out in the paragraph headed “Industry overview — Market overview of civil engineering industry in Hong Kong — Future trends and developments of civil engineering industry in Hong Kong” in this prospectus.

DESCRIPTION OF BUSINESS

We, as a main contractor, are principally engaged in providing civil engineering services in both public and private sectors in Hong Kong. To a lesser extent, we are also engaged in the provision of consultancy services mainly in the capacity of independent checking engineer on electrical and mechanical engineering works. The civil engineering works undertaken by us are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works. We have not changed our business focus during the Track Record Period. Further details on the coverage of our civil engineering works are set out below.

Civil engineering works

Roads and drainage works

Road works generally include construction of transport interchange, carriageway and walkway, footbridge and vehicular bridge, road improvement and widening works, while drainage works generally include flood prevention/improvement works and sewage improvement works comprising construction of

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drainage channel, outfall pipe, box culvert and pumping station, sewage treatment facilities and infrastructures. Both roads and drainage constructions also include associated building works, landscaping works and electrical and mechanical works.

Site formation

Site formation are works performed to prepare a construction site for subsequent works for foundation and superstructure. They generally involve the clearance of construction site, demolition of existing structures, forming the site (including excavation and filling) to the design formation and/or basement level, reduction and stabilisation of existing slopes, and associated infrastructure works. For public works, it also encompasses the management and handling of public fill facilities.

Port works

Port works generally include construction and maintenance of port and marine facilities such as public piers, ferry piers, barging points, dolphins, reclamation, seawalls, breakwaters, pump-houses, beaches, dredging and associated works such as landscaping works and building equipments. Port works sometimes also cover the marine works to improve the quality of contaminated marine sediments at different territories.

Consultancy services

To a lesser extent, our Group also provides consultancy services principally in the capacity of independent checking engineer on electrical and mechanical engineering works. The captioned services are mainly checking contractor's design submission in accordance with the relevant technical specifications. This includes site inspection during critical stages of construction to verify the contractors' works are being carried out in accordance with the design.

MAJOR QUALIFICATIONS, CERTIFICATIONS AND COMPLIANCE

Qualifications in Hong Kong

We hold various licences and qualifications in respect of our civil engineering works. Our Directors confirmed that and our legal advisers as to Hong Kong law are of the view that our Group had obtained all the necessary licences, permits and approvals for its operation in Hong Kong during the Track Record Period and up to the Latest Practicable Date. Contractors qualified or licensed by the relevant authorities are subject to a regulatory regime which is put in place to ensure that quality standards, financial capability, expertise, management, environmental and safety are complied with contract or statutory requirements by the contractors in carrying out their works in both public and private sectors. Details of the above are set forth under the section headed "Laws and Regulations" in this prospectus.

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During the Track Record Period, all of the contracts with our customers were entered into by Peako or Concentric or our JVs. The following table sets out our major qualifications and licences:

Relevant Government Departments or public organisations	Description	Category	Qualification	Holder	Expiry date
EMSD	Private sector works	Electrical works	Registered Electrical Contractor	Peako	16 April 2018
Building Authority	Private sector works	Site formation works	Registered Specialist Contractor	Concentric	28 November 2016
		General building works	Registered General Building Contractor	Concentric	10 February 2016
WBDB	Approved Contractors List	Roads & drainage category	Group B <i>(confirmed)</i>	Concentric	— <i>(notes 1, 2)</i>
		Roads & drainage category	Group C <i>(confirmed)</i>	Peako	— <i>(notes 1, 2)</i>
		Site formation category	Group B <i>(probationary)</i>	Peako	— <i>(notes 1, 2, 3)</i>
		Site formation category	Group C <i>(probationary)</i>	Concentric	— <i>(notes 1, 2, 3)</i>
		Port works category	Group C <i>(probationary)</i>	Concentric	— <i>(notes 1, 2, 3)</i>

Notes:

- (1) “—” denotes not subject to any periodic renewal condition.
- (2) Contractors are required to meet certain criteria for retention of the qualification. Please refer to the sub-section headed “Laws and Regulations — C. Contractor Licensing Regime” in this prospectus for the retention requirement.
- (3) A probationary contractor may apply for “confirmed” status after the satisfactory completion of works appropriate to its probationary status. To be promoted and retained as an approved contractor with a confirmed status, our Group must meet the relevant requirements. Further details are set out in the sub-section headed “Laws and Regulations — C. Contractor Licensing Regime” in this prospectus.

We maintain compliance with the respective licences, permits, registrations, and relevant regulatory requirements in respect of safety and environmental protection in the civil engineering industry. For those licences or qualifications that require periodic renewal, the expected time to complete the renewal process is generally around one to two months and our Group will renew all necessary licences or qualifications before their respective expiry date. We have not experienced any refusal of renewal of the relevant licences or qualifications necessary for our daily operations or any non-compliance with relevant laws and regulations of Hong Kong which caused material disruption to our operations during the Track Record Period and up to the Latest Practicable Date. As advised by our legal advisers as to Hong Kong law, we do not expect any difficulty or legal impediment in obtaining the renewed licences or qualifications.

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Certifications

The following table sets out our major certifications:

Nature	Certification	Awarding organisation or authority	Holder	Period of validity
Quality Management System Accreditation	ISO 9001: 2008	HKQAA	Peako	Up to 25 July 2017 (<i>Note 1</i>)
			Concentric	Up to 28 May 2018 (<i>Note 2</i>)

Notes:

1. The scope covers construction of (i) civil engineering works (site formation works, roads and drainage); and (ii) landslip preventive and remedial works to slopes and retaining walls.
2. The scope covers design and construction of (i) civil engineering works (roads and drainage, site formation, waterworks and port works); and (ii) buildings.

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Awards and recognition

The following table sets out the major awards and recognitions awarded to us:

Year(s) of award	Nature	Recipient	Award	Awarding organisation or authority
2006	Safety and environment	Peako	Construction Sites Housekeeping Award 2006 — Meritorious Award under civil works contracts (supervised by consultants) category (<i>Contract no. DC/ 2005/07</i>)	DSD
2008	Environment	Penta Ocean — Peako Joint Venture	Considerate Contractors Site Award Scheme 2008 — Silver Award for new works (<i>Contract no. ST/2005/02</i>)	Development Bureau
2009	Safety and environment	Penta Ocean — Concentric Joint Venture	Construction Sites Housekeeping Award 2009 — Meritorious Award under civil works contracts (supervised by consultants) category (<i>Contract no. DC/ 2008/08</i>)	DSD
2014	Landscape design	Penta Ocean — Concentric Joint Venture	HKILA Design Award 2014 — Silver Award for landscape design (Public projects category)	The Hong Kong Institute of Landscape Architects
2014	Environment	Penta Ocean — Concentric Joint Venture	Green Building Award (Platinum Provisional)	The Hong Kong Green Building Council

In addition, our Group has received letters of appreciation and commendation from time to time, such as from the Highways Department and CEDD, in recognition of our Group's performance on construction works.

Compliance

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, there were no non-compliance incidents involving our Group, our Directors and/or senior management which (i) individually or in the aggregate, have had, or may have in the future, a material financial or

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operational impact on our Group; and (ii) reflect negatively on our Group's, or our Directors' or senior management's ability or tendency to operate in a compliant manner. Our Directors also confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group has obtained all the approvals, permits, consents, licences and registrations required for our business and operations in Hong Kong and all of them are in force.

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

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

OUR CIVIL ENGINEERING PROJECTS

During the Track Record Period and up to the Latest Practicable Date, the civil engineering projects undertaken by us were in both public and private sectors with a principal focus on the public sector. The original project period as provided under the contracts varies. During the Track Record Period, it ranged from 3 to 50 months, and the actual durations of our civil engineering projects (as officially extended by our customers, where applicable) ranged from 4 to 57 months, depending on the size of the contract and the technical complexity of the works undertaken.

Our Directors confirmed that all civil engineering projects undertaken by our Group in the public sector during the Track Record Period (including those undertaken in the form of joint venture) complied with the contract value requirements prescribed by WBDB.

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The following table sets out the details of our completed civil engineering projects as at the Latest Practicable Date with individual revenue contribution of HK\$2.0 million or above during the Track Record Period in the ascending order by commencement date:

Completed civil engineering projects

Name of project	Awarded party	Particulars of the contract	Type of projects	Major type of civil engineering works	Work period (Note 1)	Contract sum (HK\$ million) (Note 2)	Actual contract sum billed during the Track Record Period (HK\$ million) (Note 2)	Actual contract sum attributable to our Group during the Track Record Period (HK\$ million)
Project 01	Paul Y. — Concentric Joint Venture	Engineering infrastructure works in Pak Shek Kok	Public	Roads and drainage	Dec 2007 – Sep 2012	248.9 (Note 3)	12.0	5.9
Project 02	Penta-Ocean — Concentric Joint Venture (CEKS)	Upgrading of Central and East Kowloon sewerage	Public	Roads and drainage	Jan 2009 – Aug 2012	212.0 (Note 4)	40.0	9.0
Project 03	Penta-Ocean — Concentric Joint Venture (KCPS)	Sewage works in Kowloon City	Public	Roads and drainage	Jul 2009 – Jul 2012	513.8 (Note 5)	128.7	42.5
Project 04	Penta-Ocean — Concentric — Alchemx Joint Venture	Kai Tak approach channel and Kwun Tong typhoon shelter improvement works	Public	Port works	Jul 2011 – Nov 2014	417.0 (Note 6)	267.9	69.7
Project 05	Concentric	Civil engineering works for public housing development projects	Public	Roads and drainage	Aug 2011 – Sep 2013	15.6	11.2	11.2
Project 06	Concentric	Construction of proposed footing and chamber in Yau Tong	Private	Site formation	Dec 2012 – Feb 2013	4.3	4.1	4.1
Project 12	Concentric	Advance works for bus terminus and office in Tsing Yi	Public	Roads and drainage	May 2014 – May 2015	39.8	33.7	33.7
Project 13	Concentric — Hong Kong River Joint Venture	Advance civil works for cross harbour tunnels	Public	Port works	Jun 2014 – Dec 2014	46.5 (Note 7)	40.0	20.4
Project 14	Concentric	Installation of upgrade bollards in Kwai Chung	Private	Port works	Dec 2014 – Feb 2015	2.3	2.2	2.2
					Total	1,500.2	539.8	198.7

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Notes:

1. Work period refers to the period from the date of actual commencement of the works to the date of actual completion of our works in such projects.
2. The contract sum for a particular project listed above may be greater than the amount of actual contract sum billed for that project during the Track Record Period. This is because (i) part of the revenue for a particular contract may have been recognised prior to the Track Record Period, i.e. before 1 April 2012; and (ii) some outstanding contract sums have not been finally confirmed due to pending issuance of the relevant completion confirmations.
3. Contract has been awarded to a Joint Venture in which we had a 49% interest.
4. Contract has been awarded to a Joint Venture in which we had a 22.5% interest. Besides the sharing of 22.5% financial interest in the Joint Venture, our Group has received approximately HK\$18.6 million from the Joint Venture due to construction works performed by our Group during the Track Record Period.
5. Contract has been awarded to a Joint Venture in which we had a 33% interest. Besides the sharing of 33% financial interest in the Joint Venture, our Group has received approximately HK\$26.3 million from the Joint Venture due to construction works performed by our Group during the Track Record Period.
6. Contract has been awarded to a Joint Venture in which we had a 26% interest. Besides the sharing of 26% financial interest in the Joint Venture, our Group received approximately HK\$8.0 million from the Joint Venture due to construction works performed by our Group during the Track Record Period.
7. Contract has been awarded to a Joint Venture in which we had a 51% interest.

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Civil engineering projects in progress

The following table sets out the details of our civil engineering projects in progress with estimated individual contract sum of HK\$2.0 million or above awarded during the Track Record Period in the ascending order by commencement date:

Name of project	Awarded party	Particulars of the contract	Type of projects	Major type of civil engineering works	Expected work period (Note 1)	Expected contract sum (HK\$ million) (Note 2)	Actual contract sum billed during the Track Record Period (HK\$ million)	Actual contract sum attributable to our Group during the Track Record Period (HK\$ million)	Expected outstanding contract sum up to 30 April 2015 (HK\$ million)	Approximate expected percentage of completion up to 30 April 2015 (%) (Note 3)	Expected outstanding contract sum attributable to our Group up to 30 April 2015 (HK\$ million)
Project 07	Peako	Kai Tak development — Infrastructure works for residential development and government facilities	Public	Roads and drainage	Jul 2011 – Jul 2015	288.8	143.2	143.2	60.0	79.2	60.0
Project 08	Concentric — Hong Kong River Joint Venture	Shatin Central Link — Kai Tak barging point facilities	Public	Port works	Aug 2012 – Aug 2016	312.9 (Note 4)	225.0	114.7	84.3	73.1	43.0
Project 09	PCCCL Joint Venture	Provision of liftramps to four footbridges in various locations in Hong Kong	Public	Roads and drainage	Oct 2012 – Jan 2016	97.0 (Note 5)	64.1	64.1	30.4	68.7	30.4
Project 10	Concentric	Advanced civil engineering works for public housing development projects	Public	Roads and drainage	Jul 2013 – Sep 2015	52.6	29.5	29.5	21.0	60.1	21.0
Project 11	Peako	Construction of footbridge at Tuen Mun River	Public	Roads and drainage	Dec 2013 – Mar 2016	92.3	42.1	42.1	48.1	47.9	48.1
Project 15	Concentric	Site formation and seawall works in Yau Tong	Private	Port works	Mar 2015 – Aug 2015	14.9	—	—	13.3	10.7	13.3
				Total		858.5	503.9	393.6	257.1		215.8 (Note 6)

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Notes:

1. The expected work period for a particular project comprises our best estimation of the completion timing of project. In making the estimation, our management takes into account factors including the completion date specified in the relevant contract, the extension period granted by our customers and the actual work schedule.
2. The expected total contract sum for a particular project represents our best estimation of the contract sum taking into account the contract sum specified in the relevant contract, expected variation orders and prolongation in relation to the project during our project period.
3. The approximate expected percentage of completion for a particular project is calculated by dividing the certified contract sum as at 30 April 2015 over the expected contract sum for the particular project.
4. Contract has been awarded to a Joint Venture in which we have a 51% interest. Besides the sharing of 51% financial interest in the Joint Venture, our Group received approximately HK\$67.6 million from the Joint Venture due to construction works performed by our Group during the Track Record Period. According to the contract scope of works, Project 08 generally consists of two stages, being construction stage and operation stage, and a higher gross profit margin would normally be achieved in the construction stage, when we were responsible for the design and construction of barging point facilities and the associated dredging works. The revenue arising from construction works amounted to approximately HK\$140.3 million, which has been fully recognised during the Track Record Period. After the completion of construction of the barging point facilities in mid February 2013, we were responsible for the operation and maintenance of barging point facilities, such as weighbridges, conveyor belt system and the associated marine disposal of all excavated material delivered from the construction sites of Shatin Central Link to the barging point, for a period from mid February 2013 to August 2016. The expected total revenue to be derived during the operation stage would be HK\$172.6 million based on the estimated amount of excavated material to be handled by the barging point facilities as stated in the contract.
5. Contract has been awarded to a Joint Venture in which Peako and Concentric have 51% and 49% interest respectively. Thus, it is wholly-owned by our Group.
6. As at 30 April 2015, the expected outstanding contract sum attributable to our Group was approximately HK\$215.8 million, of which approximately HK\$172.8 million was related to projects undertaken by Peako or Concentric (including a project undertaken by PCCL Joint Venture in which Peako and Concentric have 51% and 49% interest respectively), and the remaining of approximately HK\$43.0 million was related to a project undertaken by our Joint Venture.

New contract awarded

In May 2015, we were awarded with a new contract regarding the provision of private sector civil works, relating to the demolition and restoration of existing jetty at Chai Wan Oil Depot, at a contract sum of approximately HK\$55.6 million. The expected work period of the project is from July 2015 to December 2016.

SALES AND MARKETING AND CUSTOMERS

Sales and marketing

The civil engineering projects undertaken by us are normally contracted to us by way of tender from our customers who are mainly (a) Government Departments and (b) non-government public bodies including entities mainly engaged in (i) public housing development and management services; (ii) subsidised and non-subsidised housing development and management services; and (iii) the provision of public railway services in Hong Kong. In this connection, we believe that instead of spending material efforts in marketing, our past job reference, expertise and diverse qualifications in relation to our civil

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engineering works, good business relationship with customers and our network in the industry are more valuable assets to us in bidding tenders and securing contracts in future. We also closely monitor the forecasts for Government projects and public tender notices.

We consider maintaining active business relationships with our customers and other market participants in the civil engineering industry are also important to explore new and potential business opportunities. We have contacts with architects and other consultants in the civil engineering industry to keep us abreast of market development and potential business opportunities.

In any event, we conduct marketing activities to a certain extent. The marketing activities are mainly conducted by our executive Directors and senior management and in view of our business nature, we do not maintain a team solely for sales and marketing activities. For instance, our executive Directors and senior management may, from time to time, be engaged in business or social engagements (such as tender briefing forum, presentations or experience sharing sessions), attend workshops or campaigns organised by professional institutions (such as the Hong Kong Institution of Engineers). These activities help us maintain business relationship and contact with our customers and build our reputation in the market. From time to time, we may also send to prospective clients our Group's brochures for marketing. Other marketing activities undertaken by our Group include hanging up banners and/or signages displaying the names and logos at our construction sites and sponsor organisations for hosting events related to civil and environmental engineering. Our Group currently has no plan to carry out any other proactive marketing activities such as mass media advertisement.

Customers

Our customers may be divided into two categories: (a) public sector; and (b) private sector. We mainly focus on serving public sector customers and accordingly during the Track Record Period, our revenue was mainly generated from public sector projects. Our public sector customers are normally required to make payments to us within 21 days after the issue of the progress certificate by the authorised person, while our private sector customers are normally required to make payments to us within 60 days after the issue of the invoice. Our accounts receivable are normally settled by cheque or bank transfer in Hong Kong dollars.

Public sector

Our Group classifies public sector projects as projects in which the customers are (a) Government Departments and (b) non-government public bodies including entities mainly engaged in (i) public housing development and management services; (ii) subsidised and non-subsidised housing development and management services; and (iii) the provision of public railway services in Hong Kong. During the Track Record Period, our Group undertook a total of 12 major public sector projects as a main contractor for civil engineering works, and revenue derived from public sector projects accounted for approximately 98.1%, 99.4% and 98.7% of our total revenue respectively.

Private sector

Our Group also engages in private sector projects. During the Track Record Period, our Group undertook a total of seven major private sector projects as the main contractor for civil engineering works, and revenue derived from private projects accounted for approximately 1.9%, 0.6% and 1.3% of our total revenue respectively.

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Major customers

During the Track Record Period, our five largest customers accounted for approximately 70.7%, 77.5% and 90.2% of our revenue respectively; and our largest customer accounted for approximately 29.8%, 32.7% and 30.7% of our revenue respectively. We have not entered into any long-term master contracts with any of these customers. Save as disclosed in the sub-section headed “Business — Litigation, arbitration and potential claims” in this prospectus, our Directors confirmed that our Group had no material dispute with or recovery of claims from its customers during the Track Record Period and up to the Latest Practicable Date.

The followings set out the profile of our five largest customers for each of the reporting periods during the Track Record Period:

Name of customer	The financial year being our five largest customers	Approximate year(s) of business relationship with our Group	Principal business or sector of the customer	Public/private sector	Customer of Peak/Concentric during the Track Record Period	Customer of our JVs during the Track Record Period
CEDD	31 March 2013, 2014 and 2015	10	Government Department	Public	✓	✓
DSD	31 March 2013 and 2014	9	Government Department	Public	—	✓
Customer A	31 March 2013, 2014 and 2015	3	Non-government public body engaged in public housing development and management services	Public	✓	—
Customer B	31 March 2013, 2014 and 2015	6	Non-government public body engaged in the provision of public railway services in Hong Kong	Public	✓	✓
Highways Department	31 March 2013, 2014 and 2015	12	Government Department	Public	✓	—
Customer C	31 March 2015	1	Non-government public body engaged in subsidised and non-subsidised housing development and management services	Public	✓	—

None of our Directors, their close associates or any Shareholder (who or which, to the best knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our five largest customers for each of the reporting periods during the Track Record Period.

Due to the nature of the business sector in which our Group is engaged in, our customer base is relatively concentrated to organisations requiring civil engineering services, including mainly Government Departments, non-government public bodies and certain private organisations in Hong Kong. As a result, given the market landscape of the industries in Hong Kong in which our Group is

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involved, the potential customer base of our Group is limited and our Directors consider that this situation is universal to the industry. In particular, our Directors believe that it is common for civil engineering contractors engaging in Hong Kong to have certain degree of reliance on certain Government Departments and non-government public bodies.

In any event, our Directors are of the view that our Group does not overly rely on its major customers because (i) there is a mutual business dependency and benefit between us and our major customers, for instance, our Directors believe our previous job references in handling public sector projects also give business advantage to our customers in engaging us in some of their civil engineering projects in public sector; (ii) we also co-operated with new public sector customers such as Customer C during the Track Record Period; and (iii) we have been actively tendering for projects among various Government Departments such as CEDD, Highways Department and DSD. In the event that any of our major customers substantially reduces the number of contracts placed with us or terminates its business relationship with us, our Directors consider that we would have extra capacity to handle other potential projects from other customers to replace such lost contracts in view of the expected growth of demand for civil engineering services in Hong Kong and our competitive strengths as detailed in the sub-section headed “Business — Competitive strengths” in this prospectus. According to the Ipsos Report, the demand for civil engineering works is expected to increase in future and the estimated gross output value of the civil engineering industry in Hong Kong is anticipated to increase at a CAGR of around 23.9% from approximately HK\$88.4 billion in 2015 to approximately HK\$208.0 billion in 2019.

TENDERING FOR PUBLIC SECTOR PROJECTS

Contracts in the public sector in Hong Kong are normally awarded through fair and competitive tendering procedures in order to obtain the best value for money. Tenders may generally be procured in the following ways:

(i) Open tendering

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

(ii) Selective tendering

Tender invitations are published in the Government Gazette, on the websites of relevant Government Departments, and/or sent by letter to all contractors/suppliers on the relevant contractors list(s) as maintained by the Development Bureau for the purpose of selective tendering.

(iii) Prequalified tendering

Tender invitations are sent by letter to those prequalified suppliers/contractors approved by the Permanent Secretary for Financial Services and the Treasury Bureau. Invitations for prequalification will be published in the Government Gazette. If necessary, the invitations for prequalification will also be published on the websites of relevant Government Departments, local

press and selected overseas journals for the particular trade/product. Consulates and trade commissions in Hong Kong and known suppliers/contractors will also be notified of the invitations for pre-qualification by letter, where appropriate.

(iv) Restricted tendering

Tender invitations are sent to only one or a limited number of contractors/suppliers approved by the Permanent Secretary for Financial Services and the treasury or the director of Government Logistics. This tendering method is used when circumstances do not permit open tendering, for example, on grounds of urgency or confidentiality, or for protection of patents or copyrights.

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

Tenders are assessed through a systematic evaluation of the tenderers' experience, past performance record, technical ability and price. The evaluation of tenders takes into consideration the previous performance records of the tenderers in addition to their financial bids. In view of the above, a contract is not necessarily awarded to the lowest bid.

(v) Other projects in the public sector

Non-government public bodies requiring civil engineering services usually publish prequalification and tender notices on their websites, which include information on the contract title, brief description of works required, tender closing date and tender eligibility list or group. If we are included in the relevant eligibility list or group and intend to take up a project after our internal assessment, we will send a letter to the relevant organisation to express our interest in prequalification or tendering. If our express of interest or prequalification is accepted, an invitation letter for that project will be sent to us, and we will then prepare and submit the tender. For projects requiring particular specialty on the part of the main contractor or for large-scale projects, the customer will screen the tenderers according to prequalification assessments on their eligibility to tender before the issue of the invitation letters.

TENDERING FOR PRIVATE SECTOR PROJECTS

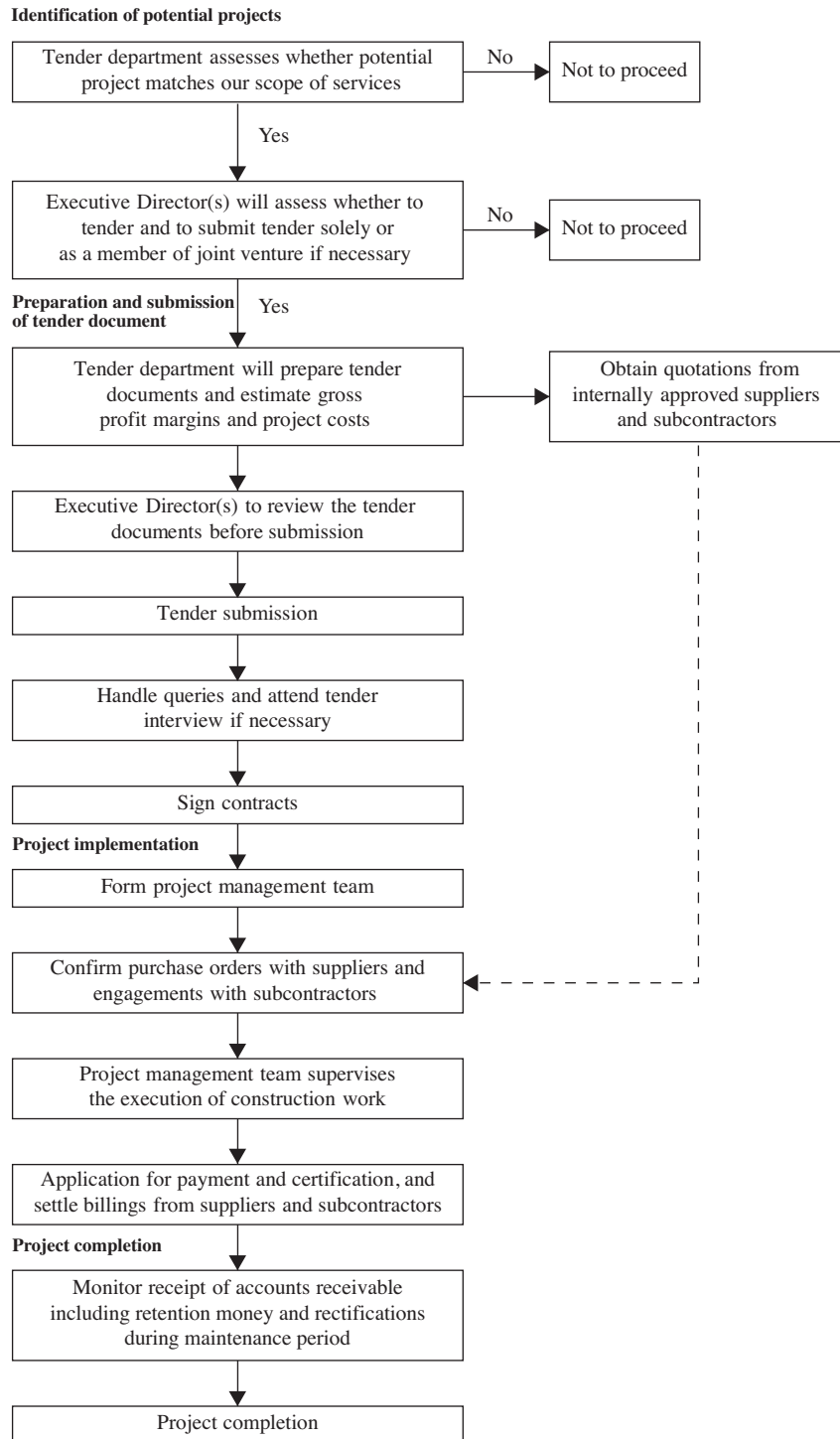
For private sector projects, tender invitations are sent by customers to a limited number of selected contractors who are on the customer's list of approved contractors and the contracts are awarded at the discretion of the customers. The invitation letter(s) normally includes brief description of the works and contact details of the office (from which forms of tender and further particulars of the projects may be obtained) and the closing time and date of the tender. Contractors in the private sector are in general required to be registered with the Building Authority as a general building contractor or specialist contractor and possess relevant job experience and capabilities for undertaking respective construction works in the private sector. However, for sizable and multi-disciplinary projects procured by well-established organisations, invitations are usually given with preference to selected contractors or specialist contractors who are included in the Approved Contractors List under relevant categories of works of WBDB. In addition to the competitiveness of the tender submitted by the contractors, the relevant job experience and track record of the contractors are also the key determining factors in securing a contract.

OPERATING PROCEDURES

Our operating procedures in relation to execution of civil engineering project principally involve identification of potential projects, preparation and submission of tender documents and project implementation. We have developed a quality management system covering the design and construction of civil engineering works. Peako and Concentric were accredited with ISO 9001:2008 since 2002 and 2003 respectively.

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The general steps undertaken by us throughout tendering to project execution are set out in the following illustration:



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Durations of our civil engineering projects are determined by a wide range of factors including but not limited to the size of the project, technical complexity and construction site conditions. The expected project duration and completion time are stated in the contract entered into between our customers and us. The original project period as provided under the contracts varies. During the Track Record Period, it ranged from 3 to 50 months, and the actual durations of our civil engineering projects (as officially extended by our customers, where applicable) ranged from 4 to 57 months. The project duration may be extended during the course of construction process due to unanticipated construction site condition, inclement weather, unforeseeable ground conditions, changes of design and additional requirements from customer. In such cases, we will claim or negotiate with our customers to seek extension of time for project completion together with cost reimbursement, if necessary. During the Track Record Period, we were able to complete our projects within the contracted completion time or extended completion time as entitled and granted by our respective customers and accordingly we had not been penalised by our customers as a result of delay in project completion.

Identification of potential projects

Projects in public sector are generally identified by us via browsing websites of the (i) relevant Government Departments; and (ii) non-government public bodies and reviewing Government Gazette, on a weekly basis, on which tender notices from the public sector are published. The tender notice normally includes brief description of the works, expected commencement date and contract period, contact details of the office which is responsible for managing the tender, general and particular information of the project and the closing time of the tender.

For private sector customers, as a general industry practice confirmed by our Directors, tender invitation letters are usually sent to a limited number of selected contractors who are on their list of approved contractors. Sometimes, we may also be informed of projects subject to tender through telephone directly from private sector customers.

We review potential projects to preliminarily identify those which shall be profitable and manageable and decide on which projects are to be pursued further based on factors including the scope of work, technical complexity and particular specification of the projects, achievability of the specified timetable, prior experience, availability of resources and expertise and our financial conditions.

Preparation and submission of tender documents

We maintain systematic tender review procedures to prepare and price our tenders. Our executive Directors are principally in charge of all the tenders. We believe that systematic tender review procedures are important to our construction business because almost all of our businesses are secured through competitive tendering. Such tender review procedures allow us to budget for a project efficiently and accurately and to price our tender competitively with a commercially sensible profit margin. In pricing a tender, we will estimate the gross profit margin in terms of monetary value and percentage. The gross profit margin of a project depends on various factors, including the scale, complexity and specifications of the projects, our capacity, the estimated project cost (which mainly includes the costs of direct labour, material and equipment based on the preliminary quotations obtained from our suppliers and subcontractors), the prevailing price level in the market and competitive conditions at the tender stage.

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Tender price is important particularly for private sector projects, because once the tender price is fixed, the contractor generally will have to bear any additional costs incurred in labour and material escalation. For most of our public sector projects, there is a price adjustment mechanism (both upward and downward adjustments). Pursuant to such mechanism, the fees that we may receive from the respective customer under a contract will be adjusted (both upward or downward, and subject to a prescribed extent) for changes in certain cost elements after the tender price is fixed with reference to certain price indices published by the Census and Statistics Department. The price adjustment mechanism is more particularly described in the paragraph headed “Business — Key customer project terms — Price adjustment” in this prospectus.

Prequalification

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

Tender review and preparation process

Once we obtain the tender documents, we will assess the feasibility of undertaking such project based on the technical requirements, statutory and regulatory requirements, completion time, quality expectation, availability of resources and possible risk factors associated with such project. In addition, our tenders would either be submitted by Peako or Concentric according to their eligibilities for tendering which generally include the categories of qualifications possessed by them for undertaking civil engineering projects. Further details of our major qualifications and licences are set out in the paragraph headed “Business — Major qualifications, certifications and compliance — Qualifications in Hong Kong” in this prospectus.

We review the project information contained in tender documents in order to ensure the requirements are adequately identified and that we have the capability to meet the specified requirements before submission of tender. We will also arrange site visits to examine and inspect the site and its surroundings and to satisfy ourselves regarding the nature of the ground and sub-soil, the form and nature of the site, the risk of damage to property, which may affect the carrying out of works economically and timely. Based on such site examination and inspection and relevant contract requirements, we will then work out the outline construction method and the site set up for carrying out the works in an efficient and cost-effective manner. We shall also obtain quotations from suppliers and subcontractors for carrying out parts of the contract works at this stage. After site visits and obtaining the necessary information and with the aid of our special in-house computing software, we will draw up a detailed analysis on the technical and financial aspects of the project by taking into consideration, among other things, the expected complexity of works to be involved, the estimated amount and costs of the labour, materials, equipment and subcontracting works (which are mainly based on quotations obtained from material and equipment suppliers and subcontractors or information available on hand), the technical capability to be required and the expected time of delivery. After completion of such analysis, an internal meeting will be held with our executive Directors for tender review.

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When reviewing a proposed tender, we will examine the adopted outline construction method, site setup and review the costings, finance and resource capabilities. Our executive Directors and senior management, in particular Mr. YC Lo, will, based on their experience and market knowledge, consider whether the tender is competitive in terms of pricing while certain level of profitability (having regard to the associated risks) is achievable during review. We will price our tender based on our estimated project costs (which mainly include labour cost, subcontracting charges, material and equipment costs, and machinery usage cost) plus a mark up margin. Our Group may consider to pursue projects with lower margin taking into account of the number of projects currently on hand and the likelihood of enhancing our profile when taking up the projects. The time when the tender review process takes varies from case to case, and depends on each project's specific requirements and complexity. Generally, it takes about three to six weeks from receipt of the tender documents to submission of the tender proposal. In case of tenders requiring contractor's design for part or whole of the works, the process normally takes longer time and may involve external consultants such as architects, structural engineers and landscape consultants to provide technical supports. The majority of our civil engineering projects are not design-and-build projects.

Upon finalising the pricing schedule and other documents required for submission, our Group will submit the tender to the respective customer. Our assistant general manager takes the overall lead in the entire tender process and follows up with the potential customers on post tender clarifications and/or answer queries raised on our submitted documents.

Tenders submitted during the Track Record Period

The table below sets out the number of projects tendered for and won by our Group (including projects which we are a party to the joint venture) for the Track Record Period:

	Total
For the year ended 31 March 2013	
Total number of projects tendered for	32
Total number of projects won	4
Success rate	12.5%
For the year ended 31 March 2014	
Total number of projects tendered for	47
Total number of projects won	5
Success rate	10.6%
For the year ended 31 March 2015	
Total number of projects tendered for	42
Total number of projects won	4
Success rate	9.5%

Our Group's strategy is to submit tenders for various types of civil engineering projects. This is to keep our active presence in the market in order to remain on the Approved Contractors List and tender invitation list of our private sector customers, as well as to keep abreast of latest market requirements

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and pricing which are useful in tendering similar projects in future. As a result, the overall tender success rates of our Group during the Track Record Period were relatively low and fluctuated during the Track Record Period as set out in the table above.

After the Track Record Period and up to the Latest Practicable Date, our Group had been awarded with a new civil engineering project and we submitted five tenders which were in the process of assessment/evaluation and pending the result announcement to be published by the respective customers. Our Directors are of the view that there was no seasonal factor or any material adverse change in the industry affecting our Group's tender success rate and operational/financial performance after the Track Record Period and up to the date of this prospectus.

Project implementation

The implementation process includes formation of a project management team comprising both managing and technical staff, procurement of materials, machinery and equipment, selection and appointment of subcontractors (if necessary). Throughout the project implementation process, we assume the role of coordinating with our customers, subcontractors and material and equipment suppliers and to take charge of the overall management of these works.

Formation of a project management team

Once a contract is awarded, we will form a project management team which generally consists of a combination of project manager, site agent, quantity surveyor, engineer, safety officer, environmental supervisor, superintendent/foremen and a number of technical staff. Depending on the size of the contract and the complexity of the works to be undertaken, the project management team may include additional specialists and consultants.

The general responsibilities of our project management teams mainly include (i) formulating detailed work programmes; (ii) procurement of materials, machinery and equipment; (iii) engaging and allocation of works to subcontractors; (iv) coordinating with our customers, subcontractors and suppliers to complete the projects according to the work programme; (v) carrying out on-site supervision and monitoring work progress; and (vi) ensuring work quality and safety.

The project management team will be led by a project manager, who is delegated by our assistant general managers and has the overall responsibility for ensuring all activities on-site are executed in compliance with the requirements set out in the relevant contract documents and our internal control documents including approved construction methods, the material requirements and delivery programme as well as project specific and environmental plans. The assistant general managers will report to our executive Directors regularly on the progress and status of a project.

Our project engineers are responsible for overseeing the inventory of materials on-site to ensure it is sufficient and readily for use. They also supervise our subcontractors to perform their respective works in compliance with the contract specifications and, if necessary, are tested properly. On-site inspection is conducted by our project management team to ensure the quality of works. Further information of our quality control is set out in the sub-section headed "Business — Quality control" in this prospectus.

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Once a project is implemented, our executive Directors, assistant general managers and project manager will closely monitor the progress of the project to ensure that (i) the works quality meets our customer's requirements; and (ii) the project is completed as scheduled and within the budget, and in compliance with all statutory requirements in connection with the works, safety, environmental and other related legal or regulatory requirements. Our project management team communicates frequently and attends project meetings with our customers and subcontractors to monitor the progress of the projects and to identify and resolve any problem or issue which may arise during the course of carrying out the works.

Procurement of materials, machinery and equipment

The major machinery and equipment required by us mainly includes excavators, concreting equipment (such as concrete vibrators and pokers), compactors (such as vibrating roller and vibrating plate), welding & cutting machine, pump and hose (for dewatering) and breaking and drilling equipment (such as electric breaker, jack hammer and rock driller). Most of the machinery is rented from our suppliers on a project basis and the equipment is sourced from our suppliers in Hong Kong.

The materials that we purchase are mainly concrete and steel. All of these materials are primarily sourced from our suppliers in Hong Kong. Unless our customers specify, we usually select our suppliers from our internal list of approved suppliers and we usually enter into supply contracts with our suppliers on a project-by-project basis. Generally, we request our suppliers to provide quotations of materials, machinery and equipment during the tender preparation stage. In the event that we are awarded with the contract, we will follow-up with our suppliers who have previously quoted us with the competitive pricing and to negotiate with them on final price and other terms accordingly. Purchase orders for major materials and equipment are scheduled and placed according to project programme and progress as assessed by the project manager of our project management team on a project-by-project basis and/or requested by the subcontractors engaged by us in the relevant projects. We prepare major material schedule at the commencement of a project with the objectives of ensuring materials are delivered timely for use, and material expenditure and waste are under control. Our material schedule normally includes details of the material suppliers, total quantities and the schedule for delivery. We generally do not keep excess inventory due to limited available site storage areas and security. Further details of our suppliers are set out in the sub-section headed "Business — Suppliers" in this prospectus.

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Normally, we will purchase certain types of construction materials for the use by our subcontractors. The relevant material costs will be reimbursed by our subcontractors to us and be deducted accordingly from their subcontracting fees in accordance with the terms and conditions of the subcontracting agreements/arrangements. This arrangement is to ensure the cost and quality of materials to be used by the subcontractors are under our control. As the subcontractors are responsible for providing construction workers for their parts of works, the respective labour costs are generally borne by them and are inclusive in their subcontracting fees. Accordingly, in general, subsequent changes in the cost of labour will not affect the agreed subcontracting fees. In addition, the majority of our public sector contracts provide for a price adjustment mechanism (both upward and downward) in relation to certain fluctuations in various costs components including labour wages and material prices during the relevant contract period. The price adjustment mechanism is more particularly described in the paragraph headed “Business — Key customer project terms — Price adjustment” in this prospectus. In general, fluctuations in the prices of materials and labour costs are either compensated by the price adjustment mechanism for our public sector contracts or borne by our subcontractors according to the terms of the relevant subcontracting agreements/arrangements. Therefore, our Directors are of the view that any impact of the volatility in the costs of materials and labour to our Group’s profitability is not significant.

Selection of subcontractors

Due to licensing requirements and the level of complexity of the works in the projects undertaken by us, we allocate parts of the construction works to our subcontractors in most of the contracts undertaken during the Track Record Period. It is a common practice in Hong Kong civil engineering industry for main contractors to allocate parts of the works to subcontractors. With the engagement of subcontractors, we can enhance our resources to undertake more projects which are labour intensive and require construction skills through a significant pool of workers and technical staff in specific work trades without the need for keeping them as our employees. Such arrangement enables us to focus on quality control and overall project management and allows us to allocate our resources in a more cost-effective manner accordingly. Subcontractors are normally registered under the list of registered subcontractor maintained by the Construction Industry Council in Hong Kong. Further details of subcontractors are set out in the sub-section headed “Business — Subcontractors” in this prospectus.

Project completion

In some civil engineering projects, certificates of practical completion are to be issued by our customers, which indicates that the contract works have been completed, tested and approved. In other civil engineering projects, less formal procedures will take place where the parties agree on practical completion by exchange of correspondence. Practical completion is normally understood as being (i) that the works to be completed under the contract have been duly completed; (ii) that there is no apparent defect; and (iii) the start of the maintenance period. The maintenance period is normally 12 months, depending on the nature and scale of the project. In such connection, we may require a similar maintenance period from our subcontractors for their respective parts of works. Further details of the maintenance period are set out in the paragraph headed “Business — Key customer project terms — Maintenance period” in this prospectus.

JOINT VENTURE

For projects which involve technically complex or for large-scale projects, we may submit tenders for these projects as a party to a joint venture, in which case we share the project work and responsibilities with our joint venture partners as defined in the joint venture agreement. Our executive Directors are responsible to negotiate the financial interest in a joint venture with potential joint venture partner(s). In this connection, we normally consider different aspects such as (i) licensing requirements for undertaking the prospective project, especially the allowable maximum contract sum to be undertaken by us. In the event that we are limited by our licences from undertaking prospective project due to limitation on maximum contract sum, we would ensure that (a) our joint venture partner(s) possesses the requisite licences to undertake the project; and (b) the proposed value of work to be undertaken by each joint venture partner is within the respective authorised contract sum as approved by WBDB, before the formation of joint venture; (ii) human and financial resources available; (iii) possible risks associated with the prospective project; and (iv) competencies of the potential joint venture partner(s). We normally bear joint and severally liabilities with our Joint Venture partners as stipulated in the Joint Venture agreement. Each Joint Venture partner will share the revenue according to their respective share of interests and be jointly liable for undertaking of the construction projects. During the Track Record Period, revenue derived from our Joint Ventures (*note*) accounted for approximately 72.5%, 48.7% and 38.1% of our revenue respectively.

Our joint ventures are, in terms of status, body unincorporate according to business registration in Hong Kong and they are classified as joint operations under HKFRS. Joint operations are joint arrangements whereby the parties to the joint ventures have rights to the assets, and obligations for the liabilities, relating to the joint ventures. Our joint ventures are established by parties entering into joint venture agreements with one another and are contractually binded to one another. Our Directors confirmed that it is common to undertake projects in form of joint venture in the construction industry in Hong Kong. According to the Ipsos Report, construction projects, especially civil engineering projects, are usually large in scale that joint venture is a common phenomenon in the construction industry in Hong Kong. Based on the Ipsos Report and the review of annual reports of listed construction companies in Hong Kong which showed evidence of undertaking construction projects in the form of joint ventures, the Sponsor concurs with our Directors' view that it is common for construction companies in Hong Kong to undertake construction projects in the form of joint ventures. We carefully select our partners to establish joint ventures primarily with other local or international companies, such as Penta-Ocean Construction Company Limited, Paul Y. Construction Company Limited and China Harbour Engineering Company Limited, who possess industry expertise, solid experience in the civil engineering industry and sufficient resources. Our selection criteria also include the potential partner's history of business dealings with us, relationship with our customers and level of reputation in the industry. Some of our Joint Venture partners had been our customers for civil engineering services in the past. We believe that in some projects, our Group and our Joint Venture partners may mutually benefit by forming Joint Ventures in areas such as (i) increasing the successful rate for being awarded with a main contract; (ii) facilitating management; (iii) sharing of technical expertise; (iv) risk management; and (v) allowing more flexibility in capacity management. Based on that and the fact that it is a common practice in the construction industry in Hong Kong to undertake

Note: Revenue derived from our Joint Ventures consisted of (i) share of the revenue of our Joint Ventures; and (ii) the income from the provision of construction services to our Joint Ventures by Peako and/or Concentric. Yet, it excluded revenue derived from PCCL Joint Venture which is wholly-owned by our Group.

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construction projects in the form of joint ventures, we believe the cooperations between our Group and each of our Joint Venture partners mutually benefited respective parties in capturing economic benefits and business development and do not constitute any reliance of us on the Joint Ventures or the Joint Venture Partners. Details of the relevant risks relating to the joint ventures are set out in the paragraph headed “Risk factors — Risks relating to our business in general — Our Group has no control over our joint venture partners and any actions taken by our joint venture partners may adversely affect our joint venture and in turn affect the operation of our Group” in this prospectus.

Our Directors believe that the operations of a joint venture are normally similar to projects wholly operated by us. We are directly involved in the management of our joint ventures and we have the right to nominate representatives to a supervisory board of joint venture. According to the agreements entered into between us and our joint venture partners, the operations of the joint venture are directed and controlled by a supervisory board which is normally made up of two representatives from each of joint venture partners. For joint venture agreement entered between Peakco and our joint venture partners, Mr. YC Lo and Mr. Ronnie Lo will be nominated as our representatives in the joint venture supervisory board. Similarly, Mr. YC Lo and our assistant general manager will be nominated as our representatives of supervisory board in joint ventures formed by Concentric and our joint venture partners. In general, the joint venture partner who has the largest portion of financial interest will be the lead company and acts as chairman of the supervisory board. The chairman however does not have a casting vote. Each major business decision made by the joint venture normally needs to be approved by all joint venture partners unanimously. In addition, a monthly progress and financial report will be submitted to the supervisory board to facilitate decision, if any, to be made by the joint venture. In view of the above, we believe the aforesaid measures would provide sufficient safeguards to our interests in the joint ventures and our Group as a whole.

The lead company is delegated by the joint venture with the duty and authority to implement the decision made by the supervisory board. The duties of the lead company include but not limited to the coordination of (i) human resources; (ii) procurement of materials and equipment; (iii) insurance arrangements; and (iv) banking and accounting arrangements, in the execution of the respective project. Project manager will also be appointed by the supervisory board for overall site supervision, management and control of the works.

Generally, the key terms of the agreements between our Joint Venture partners and us are set out below:

Parties Interests

The respective interests of each party in the Joint Venture varies with different Joint Venture agreements, which expressly provided in the agreement as proportion (the “Proportion”).

All rights, interest, assets (including all properties and equipment acquired jointly), liabilities, obligations and risks arising out of the Joint Venture agreements or the contract between the Joint Venture and the project employer (the “Main Contract”) and all profits and losses arising out of the joint performance of the works under the Main Contract shall be shared or borne by the parties in the Proportion.

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Management, Supervision and Control

The executive bodies of the Joint Venture include: the supervisory board, the lead company, and the project manager. Generally, the supervisory board comprises two representatives from each party. The lead company will undertake the general co-ordination and administration of the Joint Venture. The general supervision and management of the works on site and all matters related shall be under the control of the project manager whom, shall be nominated by the lead company and be appointed by the supervisory board. The supervisory board shall decide on accounting policies and methods to be adopted by the Joint Venture.

Working Capital

Each party acknowledges that the payments received from the customers at any time may be unlikely to cover fully the financing requirements of the Joint Venture and therefore that an injection of working capital may be required. Each party undertakes to make such capital available in accordance with its Proportion.

Realization of Assets

As soon as possible after the completion of the project works, all plant, equipment, materials and other assets owned by the Joint Venture shall, unless otherwise agreed by each Joint Venture partner, be sold by whatever means, and the proceeds of such sale shall be paid to the credit of the Joint Venture accounts.

Final Account and Distribution of Profits

Upon settlement of the final account for the project, and after the repayment of all sums furnished by each Joint Venture partners as working capital, any profits thereafter remaining and resulting from the performance of the project shall be distributed to each Joint Venture partner as a provisional distribution of its proportion of the said profit. Any unpaid reserves shall be distributed to each Joint Venture partner as a final distribution of its proportion of the said reserves when the supervisory board determines that the said reserves are no longer required by the Joint Venture.

Bonds, Guarantees, Indemnities and Insurance

The parties agree to execute or procure the execution of all necessary sureties of security and insurance required to secure the performance of any of their obligations under the tender, the Main Contract or the Joint Venture agreement.

Default

In the event any party is being liquidated, assigning its right, failing to execute sureties and to provide working capital and committing any breach of its obligations under the Joint Venture agreement, then the non-defaulting party shall have the right to exclude the defaulting party, its successors, receivers or legal representatives both from further participation in the Joint Venture and in the Main Contract and may take over the Proportion of the defaulting party.

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Our Directors believe that customers may tend to award technically complex or large-scale projects to joint ventures formed by two or more construction contractors with combined credential and expertise instead of to some single individual contractors. We believe that it is strategically important to have secured these technically complex or large-scale projects for enhancing our job reference, expertise and reputation in the civil engineering industry. Our Group has and will continue to form joint ventures with other construction companies from time to time, if required and appropriate for our interest as a whole.

During the Track Record Period and up to the Latest Practicable Date, we had participated in 7 civil engineering construction projects through joint ventures. Details of joint venture projects are set out in the sub-section headed “Business — Our civil engineering projects” in this prospectus.

KEY CUSTOMER PROJECT TERMS

The key contract terms agreed between our Group and our customers generally include price schedule, scope of work, conditions and specifications, payment terms, progress payment and retention money, performance bond requirements, maintenance period, variation orders, liquidated damages and termination. A summary of the key terms of the construction contracts entered into between our Group and our customers is set forth below:

Payment terms

Our construction contracts with the customers generally include key payment terms such as the interim and final payment, retention money, payment procedure, frequency of payment and payment method.

Price adjustment

In order to protect the contractors’ risk from certain changes in the costs of labour and materials used in the public sector construction projects, the majority of our public sector contracts provides for a contract price adjustment mechanism (both upward and downward adjustments) with reference to certain price indices. Price indices which may be used include the index for the average daily wages of workers engaged in the public sector construction projects and the index for the average wholesale prices of selected materials compiled and published by the Census and Statistics Department.

Progress payment

We normally receive progress payments from our customers on a monthly basis by reference to the value of work done. In general, we submit an interim payment application to the architect or engineers employed by our customers on a monthly basis with details relating to the amount of work done. Once we have provided our interim payment application, our customers or their authorised representatives, such as the architects or quantity surveyor employed by the customers, would issue a progress certificate certifying the works progress in the preceding month. It normally takes about 21 days from the date of interim payment application for such certificate to be issued. Upon the issue of such certificate, the customer is generally obliged to pay our Group the amount certified less retention money as mentioned below. For most of our construction projects, no invoice is issued by our Group. However, for some private sector customers and at their requests, our Group may issue a debit note or invoice based on the

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payment certificate issued. Public sector customers are generally required to make payments to us within 21 days after the issue of progress certificate by authorised person, while our private sector customers are normally required to make payments to us within 60 days after the issue of the invoice.

Retention money

In most contracts, there is a term entitling our customers to withhold an amount of payment as retention money from the progress payment. The retention money is retained by our customers generally at a rate ranging from 1% to 10% of each interim payment made to us and up to a maximum amount of 5% of the total tender contract sum. Generally, the first part of the retention money is released upon issue of certificate of practical completion of the contract and the remaining of the retention money is released to us upon the issue of the maintenance certificate. As at 31 March 2015, retention receivables held by our customers amounted to approximately HK\$18.3 million.

Performance bonds

In order to guarantee satisfactory completion of a project by contractor, it is common for customers from certain non-government public bodies to request the main contractor to procure performance bonds issued by a bank or an insurance institution in favour of the customers according to the contract terms and conditions. Generally, the amount of performance bonds or surety bonds required for each project would not exceed 10% of the tender sums. The performance bonds or surety bonds normally expire after completion of the project or as specified in the relevant contract. As of 31 March 2015, the total value guaranteed under performance bonds issued by our banks or insurance institution amounted to approximately HK\$18.4 million. Such performance bonds are generally released upon the due completion by us of the contracted work or by a stipulated date. During the Track Record Period, no performance bond was called by our customers by reason of non-performance of any of our projects.

Maintenance period

We are generally subject to a maintenance period and we are responsible for rectifying all defective works, if any, at our own expense during such period. The maintenance period, which is normally 12 months depending on the nature and scale of the project, commences upon the date of practical completion of the contract. Likewise, we would require a similar maintenance period from our subcontractors.

If there are any defects found by our customers on works performed by our subcontractor, the relevant subcontractor is responsible for rectifying the defective works in accordance with the defect liability clause of the subcontracting agreement entered into with our Group and thus such subcontractor shall bear all the costs in rectifying the defective works. Upon the expiry of maintenance period, our customers or their authorised representatives are required to issue a maintenance certificate stating the date on which we have completed and discharged our obligations for the works.

During the Track Record Period, there was no material claim brought against our Group by our customers and the cost incurred for rectifying defective works was immaterial.

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Variation orders

We may be given variation orders by our customers to any part of the works that is necessary for the satisfactory completion of the project. A variation order may alter the original scope of work including but not limited to additions, omissions, substitutions, alternations and change in specification, sequence, method or timing of construction. The variation order shall be determined and valued in accordance with the terms and conditions set out in the contract documents. The rights and obligations under the variation order will be same as that under the original contract.

Liquidated damages

Our contracts include a liquidated damages clause where if we fail to complete the work set out in the contracts within the stipulated time or such extended time as may be granted by the customers, we shall reimburse our customers for part or all of the incurred liquidated damages. Our Directors confirmed that there was no liquidated damages paid by our Group during the Track Record Period.

Termination

In general, our contracts can be terminated, among other things, if we fail to perform, or if we subcontract the works without written consent from our customer, or if we become bankrupt or insolvent.

On the other hand, we are entitled to terminate the contract, among other things, if in the event our customer fails to pay to us the amount due on any progress certificate within the period specified in the contract or facing a petition for winding up or entering into liquidation.

SUPPLIERS

Most of the works involved in our civil engineering projects require the use of machinery, equipment and construction materials.

The major machinery and equipment required by us mainly includes excavators, concreting equipment (such as concrete vibrators and pokers), compactors (such as vibrating roller and vibrating plate), welding & cutting machine, pump and hose (for dewatering) and breaking and drilling equipment (such as electric breaker, jack hammer and rock driller). As for civil engineering project, the type of machinery required varies depending on the scope and nature of each project and therefore, we only maintain a limited number of machineries which are commonly used in daily construction works and most of the machinery is rented from our suppliers in the local market on a project basis. Major construction materials used by us include concrete and steel. The equipment and materials required for each project are sourced by us in Hong Kong.

We have maintained a list of approved suppliers for materials, plant and equipment and we generally only procure our materials, plant and equipment from such suppliers. We will assess the overall performances of potential suppliers, including product quality, timeliness of delivery, job references and reputation in the industry to be included in our list of approved suppliers for materials, plant and equipment and such assessment will also be conducted on an annual basis to ensure that we have maintained a reasonable diversified base of reliable suppliers which offer competitive prices. As at the Latest Practicable Date, there were approximately 221 suppliers included in our approved list of

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suppliers. Generally, unless our customers specify, we select our suppliers from our approved list of suppliers based on their prices, quality, past performances and capacity. None of our suppliers has entered into long-term supply agreement with us. The amount and timing of construction materials to be ordered are assessed by the project manager of our project management team on a project-by-project basis depending on the progress of works and specific requirements of each project. Materials purchased by us are normally delivered by the suppliers to the construction site directly, and we generally do not keep excess inventory. Generally, we enter into agreements for supply of materials with our suppliers, which set out the expected total amount of materials required for a project, after we have been awarded a construction contract and then order the materials in advance according to each project's progress and confirm the order approximately 1 to 5 days prior to delivery. During the Track Record Period, we have not experienced any significant shortage nor delay in delivery of materials by our suppliers causing material disruption to our works progress and performance. Equipment and materials purchased by us are normally settled by cheque in Hong Kong dollars. Our suppliers normally grant to us a credit period of 30 to 45 days from the invoice date of the relevant purchases. During the Track Record Period, our material costs amounted to approximately HK\$41.5 million, HK\$26.1 million and HK\$27.2 million for the three years ended 31 March 2015, respectively, representing approximately 19.1%, 16.4% and 13.6% of our actual cost of services for the same periods, respectively.

In general, we will purchase certain types of construction materials for the use by our subcontractors. The relevant costs of the materials will be reimbursed by our subcontractors to us and be deducted accordingly from the subcontracting fees in accordance with the terms and conditions of the subcontracting agreements/arrangements. In case our subcontractors are responsible for the procurement of construction materials themselves to complete their works, the prices of materials purchased by subcontractors are inclusive under the subcontract sum.

Our largest supplier accounted for approximately 14.1%, 14.0% and 9.0% of our total purchases for the three years ended 31 March 2015, respectively, and our five largest suppliers accounted for approximately 49.8%, 48.9% and 39.7% of our total purchases for the three years ended 31 March 2015, respectively.

The followings set out the profile of our five largest suppliers (excluding our subcontractors) during the Track Record Period:

Name of supplier	The financial year being our five largest suppliers	Approximate years of business relationship with our Group	Principal business with our Group
Supplier A	31 March 2013 and 2014	3	Sales of steel reinforcement
Supplier B	31 March 2013 and 2014	3	Sales of concrete
Supplier C	31 March 2013	4	Sales of steel reinforcement

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Name of supplier	The financial year being our five largest suppliers	Approximate years of business relationship with our Group	Principal business with our Group
Supplier D	31 March 2013 and 2014	7	Sales of concrete
Supplier E	31 March 2013 and 2014	3	Sales of chemicals
Supplier F	31 March 2014 and 2015	7	Sales of fuel
Supplier G	31 March 2015	2	Machineries rental
Supplier H	31 March 2015	1	Sales of masonry products
Supplier I	31 March 2015	7	Sales of steel reinforcement
Supplier J	31 March 2015	3	Sales of concrete

Notes:

1. Supplier A is a private company incorporated in Hong Kong on 30 April 2003.
2. Supplier B is a private company incorporated in Hong Kong on 28 February 1986.
3. Supplier C is a private company incorporated in Hong Kong on 03 July 2009.
4. Supplier D is a private company incorporated in Hong Kong on 30 July 2005.
5. Supplier E is a private company incorporated in Hong Kong on 24 July 2002.
6. Supplier F is unincorporated and having its business registered in Hong Kong.
7. Supplier G is a private company incorporated in Hong Kong on 29 October 2010.
8. Supplier H is a private company incorporated in Hong Kong on 18 January 2006.
9. Supplier I is a private company incorporated in Hong Kong on 28 December 2000.
10. Supplier J is a private company incorporated in Hong Kong on 2 May 1995.

None of our Directors, their close associates or any Shareholder (who or which, to the best knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our five largest suppliers during the Track Record Period.

SUBCONTRACTORS

As a general industry practice confirmed by our Directors, it is common for main contractors to focus on business activities including project review, design of construction method, co-ordination, quality control, project management and other supervisory work and to minimise their overhead costs through subcontracting parts of the construction works. Subcontractors are required to register under the subcontractors registration scheme of the Construction Industry Council in Hong Kong with a view to ensuring they are capable and responsible subcontractors with specialised skills and strong professional ethics.

The works subcontracted by us mainly include piling, structural steelwork, rebar fixing, carpentry work, concrete coring, landscaping, utility detection and electrical and mechanical works. The scope of construction works to be subcontracted depends on our available internal resources, cost effectiveness, qualifications or specialist requirements, and level of work complexity.

We maintain a list of approved subcontractors who are assessed and approved by us. The assessment, which will be conducted for including additional potential subcontractor to our list as well as for our existing subcontractors annually, include (i) evaluation of subcontractors' recent performance; (ii) verifying whether the subcontractor has an approved quality assurance system and if the standard is appropriate to meet the job requirements; (iii) reviewing third party assessments or certification held by the subcontractor; (iv) assessing whether the subcontractor may have sufficient resources and skills to fulfill the specific requirements; and (v) reviewing their requisite licences and registrations for construction works. We will select subcontractors from our approved subcontractors list based on their previous experience, skills, present work load, price quotations and historical work quality. Our Directors confirm to the best of their knowledge that our major subcontractors are neither our employees nor agents and we are not a party to the employment arrangement between our subcontractors and their employees. As at the Latest Practicable Date, there were approximately 77 contractors on our list of approved subcontractors.

We will from time to time review and update our internal approved list of subcontractors according to their performance assessment. During project implementation, our project managers will regularly meet with the engaged subcontractors and closely monitor their work progress and performance. The standard subcontracts entered into between our Group and the subcontractors require the subcontractors to observe and comply with all the requirements and provisions of tender document.

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The subcontracting fee is arrived at by reference to the quotation provided by the subcontractors and the assessment of amount of work to be completed by the subcontractors.

Our Group has adopted a standard form of subcontracting agreement or otherwise works order to agree with our subcontractors the terms of subcontracted works. Some of the major terms of standard subcontracting agreements or work orders agreed by us and our subcontractors are set out below:

Payment terms:	For interim payment, invoice should be submitted on or before 10th of each month and payment shall be paid within the next 30 days.
Site utilities:	Water, electricity and lighting should be provided by our Group.
Retention monies and maintenance period:	Unless otherwise agreed, the retention monies or such portion thereof shall be held for twelve months after the satisfactory completion of the subcontracting works. During this period, the subcontractor shall keep its work in repair or make good any faulty work at his own expense.
Termination:	If the subcontractor leaves the work incompleted, fails to complete the work on the date for completion or, if in the opinion of the project director/manager the work is unsatisfactory or likely to be so and causes unduly delay to the overall progress of the main contract, our Group may terminate the work order by giving advance notice of intention to do so.
Safety:	The subcontractor shall comply with the provision of safety ordinance or regulations relating to the carrying out of the subcontracting works. The subcontractor shall also indemnify our Group against any expenses, penalties and other losses sustained occasioned as a consequence of the subcontractors' non-compliance with the safety ordinance or regulations.
Management and supervision:	The subcontractor is to keep a representative at the job site during all time to supervise the work and liaise with our Group.
Insurance:	Workmen compensation is to be provided by our Group.
Administrative fees:	Our Group is entitled to charge administrative fees for illegal worker, safety and environmental non-compliance from subcontractor.

We may be liable to our customers for the performance of our subcontractors and we may also be liable to any potential employee compensation claims and personal injuries claims made by our subcontractors' employees arising from work injuries as may happen from time to time. Therefore, we carry out regular assessment of our subcontractors during the course of a project to ensure quality and safety of their works. Our project management team normally resides at the project site and conducts regular site inspection to ensure general compliance by our subcontractors in quality, safety and environmental requirements. As for some of our subcontracting agreements which specify our monthly

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payments obligation to subcontractors, in the event that our customers default in making payment, we may still be liable to settle the subcontracting fees. During the Track Record Period, there had been no material counterparty risk in making payment by our customers to us.

We incurred approximately HK\$111.6 million, HK\$78.6 million and HK\$120.3 million in subcontracting fee for the three years ended 31 March 2015 respectively, representing approximately 51.4%, 49.5% and 60.0% of our actual cost of services for the three years ended 31 March 2015 respectively.

Our largest subcontractor accounted for approximately 24.3%, 15.7% and 21.7% of our total subcontracting fee for the three years ended 31 March 2015 respectively and our five largest subcontractors accounted for approximately 64.9%, 57.0% and 56.4% of our total subcontracting fee for the three years ended 31 March 2015 respectively.

The followings set out the profile of our five largest subcontractors during the Track Record Period:

Name of subcontractor	The financial year being our five largest subcontractors	Approximate years of business relationship with our Group	Principal business with our Group
Subcontractor A	31 March 2013 and 2014	5	Provision of electrical and mechanical works
Subcontractor B	31 March 2013	4	Provision of marine works
Subcontractor C	31 March 2013 and 2014	8	Provision of earthwork
Subcontractor D	31 March 2013, 2014 and 2015	8	Provision of site formation works and barging facility management
Subcontractor E	31 March 2013, 2014 and 2015	3	Provision of marine works
Subcontractor F	31 March 2014	3	Provision of plumbing works, pipe works and irrigation system

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Name of subcontractor	The financial year being our five largest subcontractors	Approximate years of business relationship with our Group	Principal business with our Group
Subcontractor G	31 March 2015	7	Provision of electrical and mechanical works
Subcontractor H	31 March 2015	7	Provision of plastering works
Subcontractor I	31 March 2015	8	Provision of piling works

Note: Subcontractors A, B, C, D, E, F, G, H and I are all private companies incorporated in Hong Kong. Subcontractor I is a member of a listed group in Hong Kong.

None of our Directors, their close associates or any Shareholder (who or which, to the best knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our five largest subcontractors during the Track Record Period.

CREDIT MANAGEMENT

Before deciding whether to submit a tender proposal, we normally consider factors such as the creditworthiness of the relevant customers and the key project terms in relation to the project's execution. We closely monitor the payments from our customers pursuant to the terms of each respective project. In addition, our executive Directors also take into account the length of business relationship, past reputation, financial strength and payment history of each of our customers to monitor the payments. Regular meetings are held among our executive Directors, project management teams and finance department to review the aging status of our accounts receivable. Settlement is monitored by our project managers and finance department. For overdue balances, our executive Directors and project managers will be alerted and appropriate follow up actions will be taken.

Credit terms given to our customers are generally set out in the contract entered into with our customers. Public sector customers are generally required to make payments to us within 21 days after the issue of progress certificate by authorised person, while our private sector customers are normally required to make payments to us within 60 days after the issue of the invoice. Our accounts receivable is normally settled by cheque or bank transfer in Hong Kong dollars. Further details on our trade receivables turnover days are set out in the paragraph headed "Financial information — Analysis of various items from the consolidated statements of financial position — Debtors, deposits and prepayments" in this prospectus. We determine specific provision for doubtful debts relating to accounts receivable on a case-by-case basis and provision is made when there is objective evidence that our Group will not be able to collect part or all of the outstanding debts. We did not make any provision for doubtful debts relating to accounts receivable during the Track Record Period.

QUALITY CONTROL

Our Directors believe that our financial results depend mainly on our ability to meet our customers' requirements in all respects and therefore delivery of quality works is our priority aim. We have established formal quality management system in accordance with the requirements of ISO 9001: 2008 to develop a sustainable performance-oriented culture with an emphasis on pursuing continuous improvement and long-term development rather than adopting a short-term and project based approach.

We emphasise on quality control as we believe providing civil engineering services that meet or exceed our customers' requirements is crucial for our good track record and future business opportunities. The quality of our works is generally maintained through: (i) engaging suppliers and subcontractors from our approved list which we have already conducted assessment; (ii) examination and inspection of materials delivered to project site; and (iii) on-site monitoring of works.

To ensure that our civil engineering construction works meet the required standards, we normally assign engineer(s) with relevant civil engineering experience and/or academic qualifications for each of the projects as the first line of monitoring of the quality of construction works done by our subcontractors by checking each construction works item against our inspection checklist. Our project managers are responsible for monitoring overall work quality and project progress, and ensuring that the construction works are completed according to schedule. As at the Latest Practicable Date, all of our project managers are chartered civil engineers and holders of bachelor of engineering degree.

Furthermore, our project management teams communicate frequently with our executive Directors who closely monitor each of the projects' progress and discuss issues identified to ensure the works (i) meet our customers' requirements; (ii) are completed within the time stipulated in the contract and the budget estimated for the project; and (iii) comply with all relevant standards and regulations applicable to the civil engineering works. Our customers also conduct their own quality checks from time to time prior to making payment to us. During the Track Record Period, there was no material claim brought against our Group by our customers and the cost incurred for rectifying defective works was immaterial.

Regarding the materials purchased by us, unless our customers specify or nominate the suppliers, we usually procure materials from our internal list of approved suppliers who have satisfactory track records of supplying quality materials. All materials purchased from our approved suppliers would be checked by our respective foreman or engineer (if necessary) before usage. For certain public sector projects, our Group is also required to engage independent experts or experts appointed by our customers to perform quality tests on sample materials and workmanship. Any items with defects or which do not comply with the product specifications stated in the purchase orders would be rejected and returned to the suppliers for replacement. Our customers would also inspect the materials used by us at project sites and verify the specifications from time to time.

ENVIRONMENT

Our business is subject to certain laws and regulations in relation to environmental protection. Please refer to the section headed “Laws and Regulations” in this prospectus which sets out further information about the relevant laws and regulations. Our Directors believe that it is essential for us to be environmentally responsible and to meet our customers’ demands in environmental protection and at the same time meeting the community’s expectation for a healthy living and working environment. To this end, we have set up an environmental management system to promote environmental awareness and to prevent pollution of the environment resulting from our works.

The followings are the major environmental protection measures adopted by our Group:

- the environmental officer provides advice to the project management team in respect of environmental protection issues including noise abatement, air pollution control, water pollution control and waste management;
- the environmental officer supervises and promotes the execution of environmental work by workers on-site;
- advisory and warning signs, environmental labels and posters are displayed at the prominent locations around the work sites to enhance environmental awareness of the site personnel;
- acoustic blankets/screens are used at construction sites to minimise noise caused by the constructions activities;
- for each project, our Group works out, together with project documentation, project-specific environmental protection measures aiming at prevention and reduction of negative impact to an admissible level;
- traffic and transportation management plan will be developed and implemented to provide site-specific details to regulate use of public roads, thus mitigate disturbance to the public; and
- apply dust suppression techniques, such as watering construction areas or removing dirt tracked onto a paved road as necessary to prevent safety hazards or nuisances on access roads and in construction zones.

Our project manager with the assistance of the environmental officer is responsible for ensuring that our environmental management system is established, implemented and maintained and that any recommendations for improvement be reported to our senior management. We also ensure that our subcontractors and their workers comply with our environmental management policy on the basis of appropriate education, training and/or experience. In particular, we hold regular meetings with them to discuss environmental related issues during the course of a project. Further, training for operational control and compliance and incentive scheme are instituted to educate and encourage our employees and subcontractors’ employees to reduce environmental impact in performing their works so as to ensure compliance with the regulatory and internal requirements and enhance their competencies.

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In addition, our Group has continuously observed the laws and regulations in relation to environmental protection in Hong Kong. Prior to the commencement of work, our Group will assess the implications and requirements of the aforesaid laws and regulations and apply for necessary permits (if applicable) to conduct its work. The breach of the aforesaid laws and regulations may lead to penalty or fine by the relevant government authorities or even suspension of works. During the Track Record Period and up to the Latest Practicable Date, we were in compliance with applicable environmental laws and regulations in all material aspects.

During the Track Record Period, the cost of compliance with applicable environmental laws and regulations in Hong Kong were approximately HK\$0.8 million, HK\$0.8 million and HK\$1.0 million for the three years ended 31 March 2015, respectively. Our Group expects such cost going forward would be steady, but it is subject to the nature and scale of future projects.

WORK SAFETY

We emphasise on health and safety of our employees and we are committed to providing a safe and healthy working environment for the benefit of our staff, our subcontractors and the general public. To this end, we have established safety policy and prepared the safety plan to promote occupational health and safety at construction sites and to ensure compliance with the applicable laws and regulations in Hong Kong.

The safety plan is documented in writings and supplemented with instructions. We require strict implementation of and adherence to our safety plan. We have qualified safety manager and safety officers approved by and registered with the Labour Department, for each of the projects to implement and monitor the safety measures to ensure work safety of our staff and subcontractors' employees. We will continue to put adequate resources and effort to uphold and improve our safety management in order to reduce our risks related to safety issues.

Our safety plan adopted and used during the Track Record Period sets out work safety measures to prevent injuries or accidents which could happen at construction sites. The major details of our safety plan are set out below:

- A project safety department is established to provide advice and support to management of all levels, to coordinate the implementation of safety management systems and to provide periodic safety performance report.
- The safety officer of a project prepares a project specific safety plan at the commencement of the project. He will identify in such plan those operations and activities that are associated with identified hazards and will prescribe measures to control the identified risks.
- Internal training is provided to all of our staff, including the management, on safety to enhance their knowledge. Special safety trainings are recommended for workers engaged in hazardous tasks, where necessary.
- All persons on site, including subcontractors' employees, are required to receive site safety induction training before they commence working on-site.

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- Tool box talks are given by the safety supervisors and safety staff to workers in order to enhance safety awareness of the workers.
- All personnel are required to follow the general safety rules adopted by our Group which are posted on prominent notice boards. Anyone who breaches any such rules will be subject to internal disciplinary actions.
- Site examination and inspections are carried out by our safety officer every week to ensure compliance with statutory provisions by all workers (including subcontractors' employees).
- Monthly site safety executive meeting is attended by the project manager, site safety officer, representatives from all subcontractors and the customer.
- Incentive scheme such as monthly "Safety Hero Award" is adopted under which employees of our Group and subcontractors are given monetary award to recognise their performance and contribution of site safety and health.

Under the Factories and Industrial Undertakings (Safety Management) Regulation ("Safety Management Regulation"), contractors undertaking construction works with contract value of HK\$100 million or more, are required to develop, implement and maintain in respect of the undertakings a safety management system which contains a number of key process elements and such contractors are also required to have the system regularly (i.e. at least every 12 months) audited or reviewed. The purpose of safety audit includes examination of (i) the adequacy and effectiveness of the safety management system of the companies being audited (or auditee), and (ii) the implementation of the management system in both the company and site level.

During the Track Record Period, we appointed independent safety auditors (who were registered with the Labour Department) to conduct several safety audits on the projects undertaken by us to comply with the Safety Management Regulation. The aim of the audit is to ascertain our degree of compliance to the Safety Management Regulation. The audit assesses and verifies the efficiency, effectiveness and reliability of our safety management system to ensure that the system is properly, adequately and effectively implemented towards specified occupational health and safety objectives with continual improvement.

Risks of accidents or injuries to workers are inevitably due to the nature of construction works. Although our Group has been implementing safety plan to mitigate such safety risks, the occurrence of accidents to workers at construction sites cannot be completely avoided and eliminated.

During the Track Record Period, we have recorded the personal injury incidents which generally arose as a result of accidents due to insufficient safety and health awareness amongst our and the subcontractors' employees. To strengthen the safety standards and avoid re-occurrence of these workplace personal injury incidents for our Group's projects, we have stepped up the following specific remedial and improvement measures:

(1) Safety awareness and practices

We have launched safety and health programme to reinforce the culture and importance of safety and health in workplace. This programme helped workers become more committed to safety and develop safe work habits and attitudes.

(2) Slipping on grounds

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

(3) Failing to take adequate steps to prevent person from falling

We have enhanced guarding of elevated working area and ensured the use of personal equipment such as harness. We have provided more safety induction training and tool box talks to workers regarding the safety measures when they work at height.

(4) Failing to ensure safe access to and egress from place of work

We have provided proper access, signs and traffic management to and egress from the workplaces.

(5) Improper manual handling

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

(6) Careless use of hand tools and equipment

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

Our Directors are of the view that the above remedial and improvement measures are adequate and effective.

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Our Directors confirmed that during the three years ended 31 March 2015, and the period from 1 April 2015 up to the Latest Practicable Date, our Group has recorded 2, 4, 1 and nil “reportable accidents” (see Notes below) respectively, all involving injuries to workers who were either employed by our Group or by our subcontractors. Having considered that our accident rates per 1,000 workers over the Track Record Period ranged from 6.1 to 35.1 as set out below, which are lower than the industry average of 40.8 in the calendar year 2013 and none of the accidents has resulted in fatal injury, our Directors are of the view that our occupational health and safety management system is effective. In addition, our Group was convicted of breach of certain safety regulations during the Track Record Period. Further details of the occupational accidents and breach of safety regulations are set out in the sub-section headed “Business — Litigation, arbitration and potential claims” in this prospectus.

Notes:

1. “Reportable accidents” means workplace accidents that are required to be reported to an occupational safety officer of the Labour Department. For any accident that results in an employee being incapacitated from working for at least three days, the accident should be reported in writing within seven days after the date of accident. For more serious accidents that involve death or serious bodily injury to an employee, the employer has to notify the Labour Department within 24 hours after the accident.
2. Our Group had two reportable accidents for the year ended 31 March 2013, which were caused by our Joint Venture, Penta-Ocean-Concentric Joint Venture (KCPS), in which we had a 33% interest.
3. Our Group had four reportable accidents for the year ended 31 March 2014, two of which were caused by our Joint Venture, Concentric-Hong Kong River Joint Venture, in which we had a 51% interest.

In the event of an accident occurs, the injured worker (including our employees and our subcontractors’ employees) or the person who witnessed the accident is required to report to our site staff or safety officer. Our safety officer will then investigate the accident by taking photos in respect of the accident scene, examining the equipment or material involved (if any) and taking statements from the injured worker, witness(es) of the accident (if any) and other personnel in relation to the particular project. If the accident is a “reportable accident” as assessed by our safety officer, he will prepare an accident report and submit it to the Labour Department within the period as specified under the relevant laws and regulations. Remedial actions will be taken by our project management team to remove imminent danger and to prevent reoccurrence of similar accidents in the future. Our safety officer will carry out follow-up inspection to ensure that remedial works are implemented. The table below

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summarises the accident rates per 1,000 workers and fatality rates per 1,000 workers of the construction industry in Hong Kong and of our Group's projects:

	In Hong Kong construction industry <i>(Note 1)</i>	Our Group's construction sites <i>(Note 2)</i>
For the year ended 31 March 2013		
accident rate per 1,000 workers	43.4	15.0
fatality rate per 1,000 workers	0.32	—
For the year ended 31 March 2014		
accident rate per 1,000 workers	40.8	35.1
fatality rate per 1,000 workers	0.28	—
For the year ended 31 March 2015		
accident rate per 1,000 workers	40.8	6.1
fatality rate per 1,000 workers	0.28	—

Notes:

- Reference is made to the Occupational Safety and Health Statistics Bulletins Issue No. 14 (July 2014) by Occupational Safety and Health Branch Labour Department. The figures reported by the Labour Department are based on calendar year and thus for the year ended 31 March 2013, they have been adjusted according to the financial year of our Group by using the following formula:

$$\{ \text{figure of calendar year 2012} \times 9/12 \} + \{ \text{figure of calendar year 2013} \times 3/12 \}$$

For the years ended 31 March 2014 and 2015, it is assumed that the accident rate and fatality rate in the industry are the same as those reported by the Labour Department for the calendar year 2013, being 40.8 and 0.28 respectively.

To the best knowledge of our Directors, there is no available information in relation to the accident rate and fatality rate of the civil engineering sector.

- Our Group's accident rate per 1,000 workers is calculated as the occurrence of accidents during the financial year divided by the average number of construction site workers in the construction sites during the financial year and then multiplies the result by 1,000. The average number of construction site workers includes employees of our Group and our subcontractors.
- Our Group had two reportable accidents for the year ended 31 March 2013, which were caused by our Joint Venture, Penta-Ocean-Concentric Joint Venture (KCPS), in which we had a 33% interest.
- Our Group had four reportable accidents for the year ended 31 March 2014, two of which were caused by our Joint Venture, Concentric-Hong Kong River Joint Venture, in which we had a 51% interest.

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A table showing our Group's lost time injuries frequency rates ("LTIFRs") during the Track Record Period is set out below:

For the year ended 31 March 2013	3.7
For the year ended 31 March 2014	8.1
For the year ended 31 March 2015	1.5

Notes:

1. LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFR is calculated as multiplying the number of lost time injuries (a lost-time injury is defined as an occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more) of our Group happened in the financial year by 1,000,000 and then dividing by the number of hours worked by our staff and by the subcontractors' workers over that financial year.
2. Our Group had two reportable accidents for the year ended 31 March 2013, which were caused by our Joint Venture, Penta-Ocean-Concentric Joint Venture (KCPS), in which we had a 33% interest.
3. Our Group had four reportable accidents for the year ended 31 March 2014, two of which were caused by our Joint Venture, Concentric-Hong Kong River Joint Venture, in which we had a 51% interest.

INSURANCE

It is mandatory in Hong Kong as well as a condition of all construction contracts that the main contractor must effect and keep in force employees' compensation insurance and contractor's all risks insurance (third party insurance) for carrying out the works. The insurance policy generally covers the entire and extended contract period, including the maintenance period following completion of the project. In few contracts, the customers require us to procure professional indemnity insurance for works involving contractor's design. Our Directors will ensure that all the necessary and the required insurance will be effected and kept in force in accordance with the requirements of the relevant contractual documents and the applicable laws and regulations.

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, our Group or the respective project owner (to the knowledge of our Directors) has effected and kept in force insurance in respect of employees' compensation and contractors' all risks for the projects in which members of our Group act as main contractors. The employees' compensation insurance policies provide for a maximum limit of liability of up to HK\$200 million per event. Our Directors confirmed that the insurance policies in respect of employees' compensation maintained by us cover the employees of our subcontractors and all tiers of its subcontractors.

Our Directors also believe that the above arrangements are consistent with the industry practice in Hong Kong. We consider that the aforesaid insurance coverage is sufficient for our liabilities under employees' compensation claims and personal injuries actions at the project sites. Taking into account the insurances taken out by our Group, our Directors believe that we have obtained adequate insurance coverage for the operation of our business.

COMPETITION

According to the Ipsos Report, there were about 679 general building contractors registered under the Buildings Department as of April 2015 and about 174 registered civil engineering contractors performing site formation works in the private sector as of April 2015. For the public sector, there were about 34 licensed civil engineering contractors in the port works category, about 148 licensed contractors in the roads and drainage category, about 81 licensed contractors in the site formation category, and about 70 licensed contractors in the waterworks category as of April 2015.


Our Directors consider that there are entry barriers of the civil engineering industry in Hong Kong which hinder new players from entering into the industry. Such entry barriers include (i) specialist knowledge to perform civil engineering works; (ii) various minimum capital requirements under different registration to be eligible for performing civil engineering works; and (iii) reputation in the civil engineering industry, details of which are described in the paragraph headed “Industry Overview — Competitive analysis of civil engineering industry in Hong Kong — Entry barriers of the civil engineering industry in Hong Kong” in this prospectus.

Our Directors believe that our competitive strengths will enable us to maintain our position as one of the active market players in the civil engineering industry in Hong Kong. Our competitive strengths include the followings:

- experienced management and professional project management teams;
- long-term history and good reputation with a proven track record developed in the civil engineering industry;
- well positioned in undertaking public sector civil engineering works;
- systematic and effective tender review, analysis and pricing procedures;
- our extensive network with our major suppliers and subcontractors; and
- stringent quality control and commitment to high safety standard and environmental management.

Details of our Group’s competitive strengths are set out in the sub-section headed “Business — Competitive strengths” in this prospectus.

INTELLECTUAL PROPERTY RIGHTS

We have marketed our business in Hong Kong using  Peako 必高工程 and  Concentric 協力建業 as our trademarks. The registration of our trademarks in Hong Kong is in progress as at the Latest Practicable Date and is expected to be completed after the Listing. As at the Latest Practicable Date, we were the registrant of one domain name, namely www.manking.com.hk. Detailed information of our intellectual property rights is set out in the paragraph headed “Further information about our business — Our intellectual property rights” in Appendix IV to this prospectus.

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EMPLOYEES

As at the Latest Practicable Date, we had 151 full-time employees who have been directly employed by our Group in Hong Kong. A breakdown of our full-time employees by function is set forth below:

	As at the Latest Practicable Date
Directors	2
Tender department	2
Engineering department	102
Survey department	20
Safety department	8
Personnel and administration department	14
Finance and procurement department	<u>3</u>
Total	<u><u>151</u></u>

The relationship and co-operation between our management and employees have been good and is expected to remain amicable in the future. There had not been any incidence of work stoppage during the Track Record Period and up to the Latest Practicable Date, which adversely affected our operations.

We believe that our employees are important assets to our Group. New employees would be required to undergo training to familiarise themselves with the requirements of their job before they start work.

We also emphasise on the continuing education and training of our staff to enhance their work performance. We will provide training programmes to our relevant employees to advance their knowledge and skills in respect of construction technologies and occupational safety and quality control. We consider that our training programme is not only used as a platform to constantly upgrade the skills of our employees but also used to encourage greater cohesion within our Group, so as to increase overall efficiency and employees loyalty to our Group, and also as a mean of retaining our quality employees.

We aim to review the performance of our employees at least once a year, the results of which are used in determining bonus, salary adjustments and promotion appraisals.

PROPERTIES

We own a unit with saleable area of approximately 345 sq.ft. in an industrial building Unit 6, 8/F, Tower A, Viking Technology And Business Centre, No. 93 Ta Chuen Ping Street, Kwai Chung, NT. This unit is occupied by us as our ancillary office.

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We do not engage in any property activities as defined in Rule 5.01A(2) of the Listing Rules. As of 31 March 2015, no single property owned by us had a carrying value exceeding 15% of our total assets. No property valuation report in respect of our property interests is required in reliance upon the exemption provided by Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice.

As at the Latest Practicable Date, we had nine leased properties located in Hong Kong. Three of these properties were occupied by us as our offices, four of them were occupied by us as site offices, and the remaining two were car park spaces for accommodating our own cars. Our Group's leased properties are set out below:

- Unit A, 10th Floor, Skyline Tower, 14–18 Tong Mi Road, Mongkok, Kowloon.
- Unit C, 10th Floor, Skyline Tower, 14–18 Tong Mi Road, Mongkok, Kowloon.
- Unit D&E, 10th Floor, Skyline Tower, 14–18 Tong Mi Road, Mongkok, Kowloon.
- Workshop Unit B, 20/F., Richwealth Industrial Building, 77–87 Wang Lung Street, & 144–146 Yeung UK Road, Tsuen Wan, N.T.
- Carpark 3 on G/F., Cheong Tai Industrial Building, 50–56 Fui Yiu Kok Street, Tsuen Wan.
- Carpark 5 on G/F., Cheong Tai Industrial Building, 50–56 Fui Yiu Kok Street, Tsuen Wan.
- Unit E, 20/F., Mai Kei Industrial Building, No. 5 San Hop Lane, Tuen Mun, N.T.
- Unit F, 20/F., Mai Kei Industrial Building, No. 5 San Hop Lane, Tuen Mun, N.T.
- Unit A on 3rd Floor and Flat Roof, Mai Luen Industrial Building, No. 23–31 Kung Yip Street, Kwai Chung, N.T.

INTERNAL CONTROL

Our Group has maintained an internal control system into its organisational structure. In preparation of the Listing, we have engaged an independent external consulting firm, SHINEWING Risk Services Limited, as our internal control adviser (the “Internal Control Adviser”) in October 2014 to undertake a review on our internal control system on internal control environment, risk assessment, internal control activities, information and communication, monitoring activities, financial close reporting processes, revenue and receipts, procurement and payments, cost of services and payment, bank and cash management, fixed assets management, human resources and payroll management, taxation, contract sum estimation and accounting, contract cost budgeting, provisioning, information technology general controls and compliance procedures of certain rules and regulation such as Chapter 13 Continuing Obligations, Chapter 14 Notifiable Transactions, Chapter 14A Connected Transaction, Appendix 16 Financial Information and Part XIVA of Securities and Futures Ordinance: Disclosure of Inside Information. Our Internal Control Adviser mainly engages in providing a broad range of corporate governance and risk advisory, internal audit, and internal controls regulatory compliance services to its clients including listed companies and companies preparing for listing in Hong Kong.

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Our Internal Control Adviser has completed the first review of our internal control system in November 2014. As at the Latest Practicable Date, we have adopted all the internal control measures and rectified the weakness in our internal control system as recommended by our Internal Control Adviser. Major internal control measures adopted by our Group are as follows:

- we have established a reporting channel for employee to report suspected violation of our Group's code of conduct;
- we have established an internal audit charter for our internal audit function, which will be monitored by our non-executive Director;
- we have established policy and procedures for maintenance of chart of accounts;
- we have established review and approval procedures of journal vouchers in the financial close reporting process policy;
- we have established job income checklists to keep track the project income on a monthly basis;
- we have established policy and procedures for cash advancement and timeline for reporting reimbursement expenses to our head office;
- we have established a petty cash register to keep track the petty cash balance;
- we have established an authorisation matrix for cheque payment in the bank. Bank reconciliation is performed on a monthly basis;
- we have established a set of terms of reference, training plans for our Directors, policies and procedures to comply with the Corporate Governance Code; and
- we have established policies and procedures for compliance with the Listing Rules requirement.

The Internal Control Adviser has completed a follow up review on the enhanced internal control measures in December 2014 and confirmed that all the weaknesses had been rectified. After considering our remedial actions and results of the reviews by the Internal Control Adviser, our Directors are of the view that these enhanced internal control measures are adequate and effective for our Group's operations.

LITIGATION, ARBITRATION AND POTENTIAL CLAIMS

In the ordinary and usual course of our Group's business, it is not uncommon for our Group to have disagreements with third parties, including our customers in relation to, for example, the final contract sum due to various factors. These disagreements with third parties are usually resolved through negotiation and dispute resolution method between our Group and third parties. In addition, notwithstanding the fact that our accident rates during the Track Record Period were far less than those of the Hong Kong construction industry during the same period, occurrences of personal injuries to workers at our construction sites were still nevertheless inevitable during the said period.

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During the Track Record Period, and as at the Latest Practicable Date, our Group had been involved in a number of claims, litigations, pending or threatened claims against our Group, and our Group is the claimant in two potential arbitration claims (the “Arbitration Claims”) in Hong Kong. The Arbitration Claims are all at a very preliminary stage at this juncture. Owing to the relevant terms of the contracts between us and the counter parties in the arbitration claims, and restrictions prescribed under the Arbitration Ordinance (Chapter 609 of the Laws of Hong Kong) and the relevant arbitral rules, all information about the arbitrations must remain confidential. It is not uncommon for our Group to issue notice(s) of arbitration to other contracting parties, in the ordinary and usual course of our Group’s business, for purposes of protecting our Group’s interest, and, in this relation, it should be noted that potential arbitration claims may, likely, be resolved by negotiation between the relevant parties before the commencement of arbitration proceedings.

Taking into account the respective amount contested in the Arbitration Claims, and the nature of the arbitration proceedings, our Directors are of the view that these claims do not have any material adverse financial and operational impact on our Group. On the other hand, pursuant to the Deed of Indemnity, our Controlling Shareholders have irrevocably and unconditionally, jointly and severally, agreed to indemnify our Group against, among others, all loss and damages arising from these claims on or before the date on which the Share Offer becomes unconditional.

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The claims, litigations, and pending or threatened claims against us are principally related to (i) employees' compensation claims and personal injuries claims; (ii) contractual disputes; (iii) industrial safety charges; and (iv) miscellaneous claims. Set out below are relevant details of the outstanding and pending, or threatened claims and litigations, against our Group as at the Latest Practicable Date, and the material claims and litigations against our Group settled (whether by way of court judgment or settlement) during the Track Record Period and up to the Latest Practicable Date:

(I) Outstanding employees' compensation claims and personal injuries claims arising from accidents against our Group as at the Latest Practicable Date

Court Action No.	Date of the incident	Underlying causes/ Details and severity of the incidents/injuries	Status
1. DCEC1327/2014	23/7/2012	Left knee injury resulting in left tibial plateau fracture	Ongoing, and is dealt with and handled by the insurer
2. DCPI760/2015 (same cause of action as DCEC 1327/2014)	23/7/2012	Left knee injury resulting in left tibial plateau fracture	Ongoing, and is dealt with and handled by the insurer
3. DCEC235/2014	16/2/2012	Left index finger injury resulting in life index finger pain, stiffness, loss of sensation and ankylosis	Ongoing, and is dealt with and handled by the insurer
4. HCPI109/2015 (same cause of action as DCEC 235/2014)	16/2/2012	Left index finger injury resulting in life index finger pain, stiffness, loss of sensation and ankylosis	Ongoing, and is dealt with and handled by the insurer
5. HCPI232/2014	19/3/2011	Right hand crush injury	Ongoing, and is dealt with and handled by the insurer
6. DCEC66/2015	6/2/2013	Tripped by cable wires resulting in back injury	Ongoing, and is dealt with and handled by the insurer

During the Track Record Period and up to the Latest Practicable Date, there was no legal costs incurred for the above claims.

As at the Latest Practicable Date, there were six outstanding employee's compensation claims and personal injuries claims made against our Group. All the claims were covered by insurance. The claims are dealt with and handled by the insurers and our Group does not at this stage have knowledge of the amount involved under the claims. All claims were related to bodily injuries suffered by the employees of our subcontractors arising out of and in the course of their employments and were made against our Group pursuant to the Employees' Compensation Ordinance. Our Directors confirm that these injuries generally arose from two major causes: (i) accidents; and (ii) failure by our Group/subcontractors to take adequate steps to ensure safety of the employees. Please refer to the sub-section headed "Business — Work Safety" in this prospectus for the safety measures implemented by our Group.

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(II) Material claims and litigations against our Group settled (whether by way of court judgment or settlement) during the Track Record Period and up to the Latest Practicable Date

Please see the table below summarising the settled claims against our Group during the Track Record Period, and up to the Latest Practicable Date:

Category of claims	No. of claims	Nature/reason of claims	Approximate total amount settled (HK\$)
Employees' compensation claims and personal injuries claims	10	Nine employees' compensation claims and personal injuries claims by the employees of the subcontractors (our Group being joined as a defendant in the capacity as a main contractor) or our Group. One personal injury claim of a third party involving in a traffic accident which occurred on the road where our Group was a contractor attending to road works	2,434,000 (<i>Note</i>)
Contractual disputes	2	One High Court case relating to assessment of damages in a sale of goods case and one small claim case involving a dispute on purchase of office stationary	2,984,000
Industrial safety charges	2	Both convictions were made against our Group pursuant to the Construction Sites (Safety) Regulations	30,000
Miscellaneous claim	1	One motor claim	38,000

Note: The settlement amount covers six cases only. Another four cases were dealt with and handled by the insurers, in relation to which our Group was not able to obtain the figures of the relevant settlement amounts from the relevant insurers.

Other than the settlement amounts relating to employees' compensation claims and personal injuries claims, which was settled by the insurance company, during the Track Record Period, we have paid approximately HK\$38,000, nil and HK\$3,014,000 respectively for the settlement of litigations of our Group. The settlement paid for the year ended 31 March 2015 was mainly related to a contractual dispute which was lodged by a steel supplier against our Group alleging that its sales contract for supplying steel to our Group had been breached. In November 2014, the case was concluded and a final compensation of approximately HK\$2.9 million was paid to the supplier according to the final judgment made by the High Court. The aforesaid claims have caused us to incur legal costs of approximately HK\$282,000, HK\$7,000 and HK\$288,000 for the three years ended 31 March 2015 respectively.

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(i) Employees' compensation claims and personal injuries claims

During the Track Record Period, and up to the Latest Practicable Date, all employees' compensation/personal injuries claims were settled (whether by way of court order or settlement). Except for one case which our Group was not able to obtain confirmation from the insurer, all other cases were covered by insurance. In any event, such case had been settled pursuant to a court order.

It is mandatory in Hong Kong, and a condition of all construction contracts, that the main contractor must effect, and keep in force, employees' compensation insurance and contractor's all risks insurance (third party insurance) for carrying out the works. Our Directors confirmed that our Group, or the respective project owner, has effected, and kept in force, insurance in respect of employees' compensation and contractors' risks for the projects in which members of our Group acted as main contractors.

Our Directors confirm that these injuries generally arose from two major causes: (i) accidents; and (ii) failure by our Group/subcontractors to take adequate steps to ensure safety of the employees. Please refer to the sub-section headed "Business — Work Safety" in this prospectus for the safety measures implemented by our Group.

(ii) Contractual disputes

During the Track Record Period, and up to the Latest Practicable Date, our Group has been involved in one High Court case relating to assessment of damages in a sale of goods case, and one Small Claims Tribunal case involving a dispute on purchase of office stationary. In the sale of goods case, a steel supplier issued proceedings against our Group to claim damages for breach of contract. The judgment was handed down on 7 November 2014, and our Group was ordered to pay the steel supplier approximately HK\$2.9 million as damages (plus interest). The contractual disputes were not recoverable by insurance, and our Group fully settled the compensation in November 2014.

(iii) Industrial safety charges

During the Track Record Period and up to the Latest Practicable Date, our Group was convicted for two criminal charges, which included failure to take adequate steps to prevent a person from falling, and failure to ensure the provision and/or maintenance of safe access to, and egress from place of work. The criminal convictions all involved monetary penalties and were made against our Group, but not against our Directors or the senior management of our Group personally. Our Group was fined HK\$30,000 in total which was fully settled in October 2014. All the fines were not recoverable by insurance. Our Directors confirm that all the convictions were made against our Group in its capacity as a main contractor and it is our Group's policy that fines are recoverable from relevant subcontractor in case of non-compliance of the relevant safety, health and environmental standards by workers of subcontractors. Our Directors are of the view that the amount of fines which our Group was subject to as a result of breaches of safety regulations in Hong Kong during the Track Record Period was not material to our Group. We take safety issues very seriously, and are committed to providing a safe and healthy working environment for the benefit of our staff members, the subcontractors and members of the general public.

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(iv) *Miscellaneous claim*

During the Track Record Period, and up to the Latest Practicable Date, our Group has been involved in one Small Claims Tribunal case involving a motor claim. The motor claim was not recoverable by insurance, however, our Directors confirmed that there has been no material financial impact on our Group.

(III) Pending or threatened claims and litigations against our Group as at the Latest Practicable Date

	Date of the incident	Underlying causes/Details and severity of the incidents/injuries	Status
1	12/3/2014	Slipped on the floor resulting in right upper arm fracture	Injured still on sick leave
2	7/3/2015	Grinder released resulting left ankle laceration with achilles tender cuts	Injured still on sick leave

As confirmed by our Directors, as at the Latest Practicable Date, there are currently two potential claims which the injured are employees of our Group or our subcontractors. They are still on sick leave for their injuries. These two injured have not yet commenced their claims for employee's compensation, or personal injuries claims under common law, against our Group as at the Latest Practicable Date, which cases are within the limitation period of 3 years from the date of the relevant incidents. As such injured persons have not yet filed claims with particulars, and the claims, when filed, will be handled by solicitors appointed by the insurers, we are not in a position to assess the likely amount of such potential claims. In any event, our Group has insurance cover for its liabilities resulting from all these incidents, and, as at the Latest Practicable Date, notices of the accidents have been given to the insurers. Since all the injured were deemed employees of our Group or its subcontractors, they would be fully covered by the mandatory insurance.

Our Directors confirm that these injuries generally arose from two major causes: (i) accidents; and (ii) failure by our Group/subcontractors to take adequate steps to ensure safety of the employees. Please refer to the sub-section headed "Business — Work Safety" in this prospectus for the safety measures implemented by our Group.

Save as disclosed above, no member of our Group was engaged in any claim, litigation or arbitration of material importance, and no claim, litigation or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group.

Given that the outstanding claims and potential claims for employees' compensation or personal injuries claims against our Group are covered by insurance, our Directors are of the view that such claims as disclosed above have no material adverse impact on the operation or financial position or business of our Group.

FINANCIAL INFORMATION

You should read this section in conjunction with our Group's audited consolidated financial information, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus (the "Consolidated Financial Information"). Our Group's Consolidated Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our Group's experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depend on a number of risks and uncertainties over which our Group does not have control. For further information, see the section headed "Risk Factors" in this prospectus.

Please refer to the sub-section headed "Business — Our civil engineering projects" in this prospectus for details of our projects mentioned in this section.

OVERVIEW

We are a main contractor in the construction industry principally engaged in providing civil engineering services in Hong Kong. To a lesser extent, we are also engaged in the provision of consultancy services mainly in the capacity of independent checking engineer on electrical and mechanical engineering works. We had undertaken 19 major civil engineering projects during the Track Record Period and up to the Latest Practicable Date. Among the 19 projects, 13 projects had been completed as at the Latest Practicable Date. As at the Latest Practicable Date, we had 6 major projects in progress with a total estimated outstanding contract sum attributable to our Group up to 30 April 2015 of approximately HK\$215.8 million. In addition, we were awarded with a new contract of contract sum of approximately HK\$55.6 million in May 2015. Further details of our projects are set out in the sub-section headed "Business — Our civil engineering projects" in this prospectus. Based on our turnover for the year ended 31 March 2015 of approximately HK\$260.8 million and the total revenue of the civil engineering industry in Hong Kong of approximately HK\$67,620 million, our Group accounted for a market share of approximately 0.4%.

The civil engineering works undertaken by us are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works. Our operating procedures in relation to execution of civil engineering project principally involve identification of potential projects, preparation and submission of tender documents and project implementation. In executing a civil engineering project, we, being a main contractor, principally participate in the procurement of materials, machinery and equipment, selection of subcontractors, carrying out on-site supervision, monitoring work progress and overall co-ordination of day-to-day work of the project.

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Our customers comprise mainly public bodies. Our Group classifies public sector projects as projects in which the customers are (a) Government Departments and (b) non-government public bodies including entities mainly engaged in (i) public housing development and management services; (ii) subsidised and non-subsidised housing development and management services; and (iii) the provision of public railway services in Hong Kong. During the Track Record Period, all of our revenues were derived in Hong Kong, of which 98.1%, 99.4% and 98.7% were derived from public sector projects respectively.

According to the Ipsos Report, the demand for civil engineering works is expected to increase in future and the estimated gross output value of the civil engineering industry in Hong Kong will increase from approximately HK\$67.6 billion in 2014 to approximately HK\$208.0 billion in 2019. Our revenues for the three years ended 31 March 2015 were approximately HK\$255.3 million, HK\$201.0 million and HK\$260.8 million respectively.

SUMMARY OF HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The selected financial information from our consolidated statements of profit or loss and other comprehensive income during the Track Record Period set forth below is extracted from our Accountants' Report included in Appendix I to this prospectus, and should be read in conjunction with the Accountants' Report set forth in Appendix I to this prospectus.

Consolidated statements of profit or loss and other comprehensive income

	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	255,330	201,030	260,845
Cost of services	<u>(201,998)</u>	<u>(136,169)</u>	<u>(188,064)</u>
Gross profit	53,332	64,861	72,781
Other income	526	512	782
Other gains and losses	199	484	208
Administrative expenses	(20,145)	(17,007)	(25,111)
Listing expenses	—	—	(7,089)
Finance costs	<u>(131)</u>	<u>(264)</u>	<u>(203)</u>
Profit before tax	33,781	48,586	41,368
Income tax expense	<u>(5,432)</u>	<u>(7,876)</u>	<u>(6,383)</u>
Profit and total comprehensive income for the year	<u><u>28,349</u></u>	<u><u>40,710</u></u>	<u><u>34,985</u></u>

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BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 12 November 2014. Through the Reorganisation, our Company became the holding company of the subsidiaries now comprising our Group on 31 December 2014. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period. The consolidated statements of financial position as at 31 March 2013, 2014 and 2015, present the assets and liabilities of the companies now comprising our Group, as if the current group structure had been in existence at those dates. The consolidated financial statements, which are presented in Hong Kong dollars, have been prepared in accordance with HKFRSs and the disclosure requirements of the Listing Rules. HKFRSs include Hong Kong Accounting Standards and interpretations.

The consolidated financial information has been prepared by our Directors based on consolidated financial statements or, where appropriate, unaudited management accounts of the companies now comprising our Group.

KEY FACTORS AFFECTING THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been, and will continue to be, affected by a number of factors, including those set out below and in the section headed “Risk factors” in this prospectus. Factors other than those set forth below could also have a significant impact on our results of operations and financial condition in future.

Market demand

Our results of operations are directly affected by our revenue which depends on the market demand for our civil engineering works. Market demand for our services is affected by the Government’s spending budget on public works and other macroeconomic factors. During the Track Record Period, most of our revenue was derived from the public sector. Reduction in Government expenditures on public works may reduce the demand for civil engineering works in Hong Kong, which may also reduce the prices of our services. With a reduction in demand and/or lowering in contract sums, our business, financial condition and results of operations may be adversely affected.

In addition, civil engineering projects are usually one-off projects which are not recurrent in nature. There is no guarantee that our customers will provide us with new business or that we will secure new customers.

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 specified time frame. Failure to comply with any of these requirements may make us liable to pay penalties or damages, which may jeopardise our reputation and have an adverse effect on our business and profitability.

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Fluctuation in cost of services

The main components of our cost of services are subcontracting fees and staff costs. During the Track Record Period, subcontracting fees accounted for approximately 51.4%, 49.5% and 60.0% of our actual cost of services, respectively, and staff costs accounted for approximately 25.0%, 27.0% and 22.3% of our actual cost of services, respectively. Fluctuations in the subcontracting fees and staff costs and our ability to include appropriate cost estimates in tendering process or preparation of quotations and to pass on these cost escalations to our customers will affect our profitability.

The following sensitivity analyses illustrate the impact of hypothetical fluctuations in subcontracting fees, staff costs and materials costs on our profit before tax during the Track Record Period, assuming all other variables remained constant. According to the Ipsos Report, costs of labour and raw materials recorded a CAGR during the period between 2009 and 2014 ranging from approximately -0.3% to 10.5%. For prudence sake, our Group adopted a hypothetical fluctuation of 5% and 10% in performing the sensitivity analysis below:

Hypothetical fluctuations of our subcontracting fees	+/-5%	+/-10%
	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease/increase in profit before tax		
Financial year ended 31 March 2013	-/+5,579	-/+11,157
Financial year ended 31 March 2014	-/+3,932	-/+7,863
Financial year ended 31 March 2015	-/+6,017	-/+12,035
Hypothetical fluctuations in our staff costs	+/-5%	+/-10%
	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease/increase in profit before tax		
Financial year ended 31 March 2013	-/+2,711	-/+5,422
Financial year ended 31 March 2014	-/+2,146	-/+4,292
Financial year ended 31 March 2015	-/+2,236	-/+4,472
Hypothetical fluctuations in our material costs	+/-5%	+/-10%
	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease/increase in profit before tax		
Financial year ended 31 March 2013	-/+2,076	-/+4,153
Financial year ended 31 March 2014	-/+1,303	-/+2,606
Financial year ended 31 March 2015	-/+1,358	-/+2,717

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For most of our public sector projects, there is a price adjustment mechanism (both upward and downward adjustments). Pursuant to such mechanism, the fees that we may receive from the respective customer under a contract will be adjusted (both upward or downward, and subject to a prescribed extent) for changes in certain cost elements, including labour wages and material prices, after the tender price is fixed with reference to certain price indices published by the Census and Statistics Department. The price adjustment mechanism is more particularly described in the paragraph headed “Business — Key customer project terms — Price adjustment” in this prospectus.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Group has identified certain accounting policies that are significant to the preparation of the consolidated financial statements in accordance with HKFRSs. These significant accounting policies are important for an understanding of the financial condition and results of operation of our Group and such accounting policies are set forth in the Accountants’ Report in Appendix I to this prospectus. Some of the accounting policies involve subjective assumptions and estimates, as well as complex judgment related to accounting items such as assets, liabilities, income and expenses. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ under different assumptions and conditions. Our management has identified below accounting policies that are most critical to the preparation of our consolidated financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Our Group’s policy for recognition of revenue from construction contract is described in the accounting policy on construction contracts below.

Consultancy fee income is recognised when the relevant services are rendered. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to our Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the construction works performed, which are certified by an independent professional architect, relative to the estimated total contract sum, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probably will be recoverable. Contract costs (including costs of variation orders/works) are recognised as expenses in the period in which they are incurred.

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When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under debtors, deposits and prepayments.

Our Group recognises contract revenue and profit of a construction contract according to our management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Estimated construction revenue is determined in accordance with the terms set out in the relevant contracts. Construction costs which mainly comprise subcontracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by our major contractors/suppliers/vendors involved and the experience of our management. Variations in contract work and claims are included in revenue to the extent that the amount has been certified by the architect and its receipt is considered probable based on the experience of our management. Notwithstanding that our management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When our group entity undertakes activities under joint operations, our Group as a joint operator recognises in relation to its interest in the joint operation:

- its assets, including share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

Our Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

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Our management performed an assessment of whether we have joint control over our joint arrangements. Pursuant to the respective contractual agreements regarding each of these joint arrangements, all major decisions and the decisions regarding the relevant activities of these joint arrangements require the unanimous consent of all parties to the arrangement. Accordingly, our management concluded that we have joint control over the joint arrangements.

Our management also assessed whether these joint arrangements are joint operations or joint ventures under HKFRS 11. After considering the rights and obligations of parties to the joint arrangements with reference to the structure, the legal form of the arrangements, the contractual terms agreed by the parties in the arrangements, and the relevant facts and circumstances, our management concluded that all of our Group's joint arrangements should be classified as joint operations under HKFRS 11 as the relevant joint arrangements specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements.

Estimated impairment of trade and retention receivables and amounts due from joint operations

Our management estimates the recoverability of trade and retention receivables and amounts due from joint operations based on objective evidence. When there is objective evidence of impairment loss, our Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Revenue represents (i) contract revenue recognised for the provision of civil engineering services to our customers in the Hong Kong construction industry; and (ii) the provision of consultancy services, amounted to approximately HK\$255.3 million, HK\$201.0 million and HK\$260.8 million for the three years ended 31 March 2015 respectively. Our revenue from civil engineering works is recognised based on the stage of completion of our projects. Our Group submits interim payment applications to the architect or engineers employed by our customers on a monthly basis. The monthly cut-off date of such payment applications is normally specified in the contracts. Typically, our customers or their authorised persons, such as the architects or quantity surveyor employed by the customers, certify the value of the works completed, which may include variation orders and claims, if any, and our customers arrange settlement in respect of the portion of civil engineering works completed.

Upon completion of each civil engineering project, our Group submits final payment applications to our customers which may include the variation works carried out by our Group and claims, if any. Due to the complexity of civil engineering works, which may be subject to unforeseeable ground conditions, inclement weather and changes of design and additional requirements from customer during the progress of construction works, thus variation orders and differences in the progress of civil engineering works from the original work schedule are common in the civil engineering industry. The negotiation of the final settlement between our Group and our customer is often a prolonged process which is not uncommon in the construction industry. Therefore, it is possible that our Group receives settlement of the outstanding contract sum after a prolonged period subsequent to the completion of the

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civil engineering project. In addition, the full settlement of the agreed outstanding sums may also take time. Such is evidenced by the settlement made by our customer of Project 03 after negotiation of a prolonged period.

Our civil engineering works under the Project 03, in which we had a 33% interest, were completed in July 2012. However, at the relevant time, our Group was in progress to negotiate the final accounts with the respective customer in relation to the variation works performed by our Group. As the result of negotiation was uncertain and could not be measured reliably at that stage, according to our Group's accounting policies, costs of variation works were recognised as expenses in the period when they were incurred. Hence, most of the costs in relation to the variation works were already recognised when the project was completed. Following negotiation of a prolonged period which took place after the completion of this project, our customer has agreed to revise the contract sum for Project 03 from approximately HK\$453.3 million to approximately HK\$513.8 million in 2013. The difference of approximately HK\$60.5 million has then been being certified and paid by batch, after the completion of administrative examination and approval procedures carried out by the customer. According to our Group's accounting policies, revenue derived from construction contracts would only be recognised on the basis of the amount certified by our customers or their authorised person. Accordingly, our Group has not taken into account any revenue for any payment or any estimated arbitration proceeds which have not yet been agreed upon and certified by our customers during the Track Record Period. Therefore, other than the recognition of costs of variation works as expenses in the period when they were incurred, there has been no revenue, gross profit or assets recognised during the Track Record Period which were attributable to variation works pending customer certification, completion of final accounts or arbitration proceedings as at the end of the Track Record Period. Further details of our Group's accounting policies are set out in the sub-section headed "Financial information — Critical accounting policies and estimates" and paragraph headed "Notes to the financial information — Significant accounting policies" in Appendix I to this prospectus. According to the amount certified by the customer, our Group recognised revenue of approximately HK\$19.3 million and HK\$3.1 million for Project 03 for the years ended 31 March 2014 and 2015 respectively. Such amounts were not recognised prior to the year ended 31 March 2014, as our Directors believe that there were significant uncertainties for the result and amount of claims under negotiation since the customer has not agreed on the revised contract sum and the relevant variation works have not been certified, thus such claims could not be estimated reliably at the time.

The following tables set forth breakdowns of our revenue by sector and project type during the Track Record Period:

	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue			
— Public sector	250,441	199,742	257,449
— Private sector	<u>4,889</u>	<u>1,288</u>	<u>3,396</u>
	<u>255,330</u>	<u>201,030</u>	<u>260,845</u>

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	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue			
— Civil engineering works	255,281	200,990	260,825
— Consultancy fee income	49	40	20
	<u>255,330</u>	<u>201,030</u>	<u>260,845</u>

Cost of services

Cost of services primarily consists of (i) subcontracting fees; (ii) materials costs; (iii) staff costs; and (iv) others. Subcontracting fees represent the fees paid and payable to our Group's subcontractors who provide subcontracting services for the completion of our civil engineering projects. Materials costs mainly represent direct costs for the purchase of concrete, steel, asphalt, gravel, pipe, safety equipment, other road materials and diesel fuel that are directly attributed to project works. Staff costs represent compensation and benefits provided to our staff, such as assistant general managers, project managers and engineering staff, who supervise and execute the civil engineering works at project sites. Others mainly include machinery and equipment leasing fees, landfill fees, levy, quality test expenses on sample materials and workmanship, motor vehicle expenses and other site office running expenses.

The following table sets out the summary of cost of services by nature during the Track Record Period:

	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Subcontracting fees	111,573	78,630	120,345
Material costs	41,529	26,060	27,169
Staff costs	54,219	42,918	44,716
Machinery and equipment leasing	4,638	4,428	5,002
Others	5,261	6,682	3,273
	<u>217,220</u>	<u>158,718</u>	<u>200,505</u>
Actual cost of services	217,220	158,718	200,505
Less: Net movement of gross amount due to customers for contract works	(15,222)	(22,549)	(12,441)
	<u>201,998</u>	<u>136,169</u>	<u>188,064</u>
Cost of services	<u>201,998</u>	<u>136,169</u>	<u>188,064</u>

During the Track Record Period, our cost of services amounted to approximately HK\$202.0 million, HK\$136.2 million and HK\$188.1 million for the three years ended 31 March 2015 respectively, representing approximately 79.1%, 67.7% and 72.1% of our revenue for the same periods, respectively. The fluctuation of our cost of services with respect to our revenue differed from the general trend of increasing costs in the Hong Kong construction industry during the Track Record Period, which was

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mainly attributable to (i) the provision of contract price adjustment mechanism (both upward and downward adjustments) for most of our public sector projects during the Track Record Period. Pursuant to such mechanism, the fees that we may receive from the respective customer under a contract will be adjusted (both upward or downward, and subject to a prescribed extent) for changes in certain cost elements, including labour wages and material prices, after the tender price is fixed with reference to certain price indices published by the Census and Statistics Department. The price adjustment mechanism can mitigate the increasing construction costs. The price adjustment mechanism is more particularly described in the paragraph headed “Business — Key customer project terms — Price adjustment” in this prospectus; (ii) the revenue recognition in relation to the variation works, in particular for Project 03, subsequent to the completion of the project, whereas the costs of variation works were already recognised as expenses in the period when they were incurred. As a result, our gross profit margin fluctuated during the Track Record Period. Further details of Project 03 are set out in the paragraph headed “Financial information — Principal components of result of operations — Revenue” in this prospectus; and (iii) the quantities of high margin work items and variation orders performed by us in each financial year. Further details are set out in the sub-section headed “Business — Period to period comparison of results of operations” in this prospectus.

Under normal circumstances, due to the limited space for inventory storage at the construction sites, our Group generally does not keep excess inventory. To ensure the materials will be supplied to each of our project sites in a timely manner for facilitating project implementation, materials will be delivered frequently throughout the project duration. Most of the materials are delivered by our suppliers directly to our project sites for immediate consumption. The amount and timing of materials to be ordered is assessed and controlled by the project managers of our project management teams on a project-by-project basis depending on the progress of works and specific requirements of each project. During the project period, our project manager will monitor the materials consumption level and place orders to replenish materials being used up shortly to ensure the progress would not be interrupted. In view of that, our Group generally would not keep excess inventory at the end of the reporting period and our Directors are of the view that the amounts of materials remained at our project sites at the end of each of the reporting periods were insignificant to our Group. The receipts of materials are recorded based on the delivery notes signed by our authorised staff. Under our Group’s financial reporting system, our accountants will record the amounts of materials as accounts payable upon receipts of materials and the same amounts will be recognised as actual cost of services simultaneously.

Our cost of services are directly associated with the provision of civil engineering services under our projects. Similar to our revenue recognition policy, we recognise cost of services based on our estimated gross profit margin for and the stage of completion of each project. Our management will review the actual cost of services recorded for our projects on a regular basis and compare against our budgeted cost of services determined by reference to the estimated gross profit margin and completion stage of projects to determine the extent of deviation, if any. Our actual cost of services may deviate from the budget as the actual materials and the manpower used during the execution of a project and the maintenance period may vary from the planned project progress. As such, amounts due from customers for contract works or amounts due to customers for contract works will be recognised for each project on a project-by-project basis to derive our total cost of services for each reporting period.

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Gross profit and gross profit margin

Our gross profit was approximately HK\$53.3 million, HK\$64.9 million and HK\$72.8 million for the three years ended 31 March 2015 respectively, while our gross profit margin was approximately 20.9%, 32.3%, and 27.9% for the same periods, respectively. There is no segment reporting for our gross profit because nearly all of our revenue was related to the provision of civil engineering services during the Track Record Period. Our Directors are of the view that the high gross profit margin maintained by our Group during the Track Record Period was mainly attributable to (i) our focus on public sector projects, most of which contained price adjustment mechanism which our Group's profitability will not be affected by fluctuations in cost of materials and labours; (ii) our Group's systematic tender review procedures which ensure that we are able to devise construction method and allocate our resources efficiently and economically; (iii) our Group's business strategy to keep a small operating scale while allocating our resources towards a limited number of projects of higher profit margin, instead of running with a high volume of projects but with lower profit margin; and (iv) the focus on our project management and other supervisory work, and to minimise our overhead costs through subcontracting parts of the construction works.

Other income

During the Track Record Period, other income mainly included bank interest income.

Other gains and losses

Other gains and losses during the Track Record Period mainly included (i) net loss on disposal/write-off of property, plant and equipment; (ii) gain on disposal of available-for-sale investment in relation to an unlisted unit trusts; and (iii) unrealised net exchange gains. During the Track Record Period, our Group disposed of several motor vehicles, while the sales proceeds were less than the carrying amount of the relevant assets resulting in the loss on disposal of property, plant and equipment.

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Administrative expenses

Administrative expenses during the Track Record Period consisted primarily of staff costs, depreciation, motor vehicle expenses, legal and professional fees and insurance expenses. The following table sets out the administrative expenses by nature during the Track Record Period:

	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs	8,413	6,671	11,751
Depreciation	548	467	493
Motor vehicles expenses	1,925	2,182	2,444
Legal and professional fee	3,624	402	754
Bank charges	236	178	213
Rent and rates	322	842	1,284
Repairs and maintenance	132	281	27
Transportation fees	325	203	281
Entertainment expenses	936	644	443
Insurance expenses	2,306	3,231	4,463
Others	<u>1,378</u>	<u>1,906</u>	<u>2,958</u>
	<u><u>20,145</u></u>	<u><u>17,007</u></u>	<u><u>25,111</u></u>

Staff costs represented compensation and benefits provided to our Directors and administrative staff of our Group. Depreciation expenses for our motor vehicles, office equipment and leasehold improvements, which are not directly related to our civil engineering projects, are recognised as administrative expenses. Motor vehicles expenses mainly represented motor vehicles repair and maintenance costs, fuel costs and vehicle registration licence fees as a result of our project execution. Legal and professional fees mainly represented legal advisory services relating to our projects, the preliminary expenses relating to the incorporation of our Company and its subsidiaries, provision made in respect of litigation and accounting and tax consultancy services. Our insurance expenses mainly included employees' compensation insurance and contractor's all risks insurance for carrying out construction works. Others mainly represented our Group's expenditures incurred for printing, stationery, tender expenses, staff training and other utilities.

Finance costs

Finance costs mainly represented interest expenses on (i) bank borrowings; and (ii) finance lease during the Track Record Period. Our bank borrowings obtained during the year ended 31 March 2013 was mainly used to finance the working capital of our Group. Interests on our variable-rate bank borrowings were subject to interest at the 1.5% per annum below the best lending rate offered by the bank.

Our Group purchased a motor vehicle and entered into hire purchase arrangement with a restricted license bank with lease term of 3.5 years. Interest on finance leases was fixed at contract rate of 5% per annum.

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Income tax

Our Group's revenue during the Track Record Period was derived in Hong Kong and, therefore, our Group was subject to profits tax in Hong Kong. Provision for Hong Kong profits tax was provided at the statutory profits tax rate of 16.5% of the estimated assessable profits for the Track Record Period. The effective tax rates of our Group for the three years ended 31 March 2015 were approximately 16.1%, 16.2% and 15.4% respectively.

Net profit and net profit margin

Our net profit was approximately HK\$28.3 million, HK\$40.7 million and HK\$35.0 million for the three years ended 31 March 2015 respectively, while our net profit margin was approximately 11.1%, 20.3% and 13.4% for the three years ended 31 March 2015 respectively. Our Directors are of the view that the high net profit margin maintained by our Group during the Track Record Period was mainly attributable to the high gross profit margin achieved by our Group, as detailed above.

Adjusted profit and profit margin (excluding the share of the results of our Joint Ventures)

During the Track Record Period, our Group has undertaken construction projects in the form of joint ventures. Our Group has recognised its share of the results of the Joint Ventures based on our Group's share of revenue and expenses in accordance with HKFRS 11 "Joint Arrangements". During the Track Record Period, after excluding the share of the results of our Joint Ventures, our adjusted profits were approximately HK\$21.1 million, HK\$32.5 million and HK\$25.2 million respectively, and our adjusted net profit margins were approximately 10.9%, 20.5% and 13.0% for the same periods, respectively.

During the Track Record Period, our Joint Ventures had lower gross profit margin of approximately 7.6%, 16.1% and 23.0% as compared to our Group's profit margin of approximately 20.9%, 32.3% and 27.9% for the three years ended 31 March 2015 respectively.

For the years ended 31 March 2013 and 2014, the lower gross profit margin achieved by our Joint Ventures was mainly due to Project 08 which has been awarded to Concentric — Hong Kong River Joint Venture, and all of the construction works in Project 08 have been subcontracted to Peako and the other Joint Venture partner. Concentric — Hong Kong River Joint Venture only retained marginal profit and therefore it resulted in a low gross profit margin. For the year ended 31 March 2015, the aforesaid low gross profit margin achieved by Concentric — Hong Kong River Joint Venture in Project 08 was offset by the relatively high gross profit margin achieved by our Joint Ventures for Project 04 which has been awarded to Penta-Ocean — Concentric — Alchmex Joint Venture. The construction works in Project 04, such as bioremediation works and demolition works, had a relatively high profit margin upon completion of project in November 2014.

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PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 March 2015 compared to year ended 31 March 2014

Revenue

Our Group's revenue increased significantly by approximately HK\$59.8 million or 29.8% from approximately HK\$201.0 million for the year ended 31 March 2014 to approximately HK\$260.8 million for the year ended 31 March 2015. The increase was mainly attributable to the net effect of:

- (i) higher revenue of approximately HK\$77.5 million recognised for a civil engineering project, namely Project 11, which commenced construction works in December 2013 and was in full swing during the year ended 31 March 2015, and three new projects, namely Project 12, Project 13 and Project 14, which commenced construction works during the year ended 31 March 2015;
- (ii) higher revenue of approximately HK\$23.9 million recognised for three civil engineering projects, namely Project 04, Project 09 and Project 10, which we have completed more work items such as demolition and excavation works for Project 10 and achieved significant percentage of completion for Project 04, for the year ended 31 March 2015. In addition, the contract sum of Project 09 has been revised from approximately HK\$86.8 million to approximately HK\$97.0 million due to variation works performed by us for the year ended 31 March 2015;
- (iii) lower revenue of approximately HK\$22.6 million recognised for Project 03 due to (i) lower revenue of approximately HK\$16.2 million certified by the respective customer of Project 03 for the year ended 31 March 2015, in which the customer has agreed to revise the contract sum from approximately HK\$453.3 million to approximately HK\$513.8 million in 2013 due to the variation works performed by our Group. Approximately HK\$19.3 million was certified by the customer for the year ended 31 March 2014. The remaining balance of the revised contract sum of approximately HK\$3.1 million has been certified by the customer for the year ended 31 March 2015; and (ii) the decrease in revenue derived from the construction works performed for the said project by us. Further details of Project 03 are set out in the paragraph headed "Financial information — Principal components of result of operations — Revenue" in this prospectus;
- (iv) lower revenue of approximately HK\$8.1 million recognised for two civil engineering projects, namely Project 07 and Project 08, for the year ended 31 March 2015 as compared to the revenue of approximately HK\$91.5 million recognised for the same projects which we had completed more work items of the aforesaid projects, such as sediment dredging works and road works, with greater aggregate value during the year ended 31 March 2014; and
- (v) lower revenue of approximately HK\$11.9 million recognised for projects which were completed before 31 March 2014.

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Cost of services

Our cost of services increased by approximately HK\$51.9 million or 38.1% from approximately HK\$136.2 million for the year ended 31 March 2014 to approximately HK\$188.1 million for the year ended 31 March 2015. The percentage increase in cost of services was relatively higher than the percentage increase in revenue, as a result of decrease in gross profit margin for the year ended 31 March 2015 as explained below. In addition, the increase in cost of services was attributable to (i) the increase in material costs and subcontracting fees, particularly for two new projects, namely Project 12 and Project 13, which commenced during the year ended 31 March 2015 but achieved approximately 87% and 100% of completion respectively as at 31 March 2015; (ii) Project 04 which had also achieved significant progress in the year ended 31 March 2015; and (iii) Project 11 which commenced in December 2013 and was in full swing during the year ended 31 March 2015.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$7.9 million or 12.2% from approximately HK\$64.9 million for the year ended 31 March 2014 to approximately HK\$72.8 million for the year ended 31 March 2015, while our gross profit margin decreased from approximately 32.3% to 27.9%. The decrease in gross profit margin was mainly attributable to (i) Project 11, a contract awarded in December 2013, which accounted for approximately 12.1% of our revenue and had lower profit margin of approximately 12.2% for the year ended 31 March 2015. Our Directors are of the view that although the gross profit margin of Project 11 was lower than our overall gross profit margin of approximately 27.9% for the year ended 31 March 2015 due to competitive conditions at the tender stage, it is still reasonable to undertake this project because our Group's profile would be enhanced through the cooperation with our new customer, Customer C which is a non-government public body engaged in subsidised and non-subsidised housing development and management services; and (ii) less variation orders performed for Project 07, which accounted for approximately 17.5% of our revenue for the year ended 31 March 2015. We completed more variation orders for Project 07 during the year ended 31 March 2014 due to amendment to project specifications and volume of works requested by our customers. The values of the variation orders represented higher gross profit margins than the original contract sum due to higher pre-determined prices for those variation work items quoted by our Group during the tendering stage of Project 07, which in turn caused Project 07 having a high gross profit margin of over 35% for the year ended 31 March 2014.

Other income

Our other income increased by approximately HK\$270,000 from approximately HK\$512,000 for the year ended 31 March 2014 to approximately HK\$782,000 for the year ended 31 March 2015. The increase was mainly due to more bank interest income received as a result of the increase in average bank balances and the slight increase in bank interest rate for the year ended 31 March 2015.

Other gains and losses

Our Group's other gains and losses decreased by approximately HK\$276,000 from approximately HK\$484,000 for the year ended 31 March 2014 to approximately HK\$208,000 for the year ended 31 March 2015. The decrease was mainly due to lower exchange gain recognised resulting from the appreciation of Renminbi at a slower pace for the year ended 31 March 2015.

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Administrative expenses

Our Group's administrative expenses increased by approximately 47.7% from approximately HK\$17.0 million for the year ended 31 March 2014 to approximately HK\$25.1 million for the year ended 31 March 2015. Such increase was mainly attributable to (i) the increase in staff costs from approximately HK\$6.7 million for the year ended 31 March 2014 to approximately HK\$11.8 million for the year ended 31 March 2015 due to (a) the increase in directors' emolument from approximately HK\$1.1 million for the year ended 31 March 2014 to approximately HK\$4.4 million for the year ended 31 March 2015; (b) the salary increment of our Group for the year ended 31 March 2015; and (c) the increase in bonus paid to our staff who had outstanding performance during the year ended 31 March 2015; (ii) the increase in insurance expenses, such as employees' compensation insurance and contractor's all risks insurance, of approximately HK\$1.2 million for our civil engineering projects, including but not limited to Project 11, Project 12 and Project 13, which were in full period construction or commenced construction works for the year ended 31 March 2015; and (iii) the increase in rent and rates of approximately HK\$0.4 million as a result of full year impact on the leased properties occupied by us as our site offices for Project 11 for the year ended 31 March 2015.

Listing expenses

The Listing expenses in relation to the Share Offer primarily consist of fees paid or payable to professional parties. Our Listing expenses increased from nil for the year ended 31 March 2014 to approximately HK\$7.1 million for the year ended 31 March 2015.

Finance costs

Finance costs decreased from approximately HK\$264,000 for the year ended 31 March 2014 to approximately HK\$203,000 for the year ended 31 March 2015. The decrease was mainly attributable to the decrease in bank borrowings from approximately HK\$6.6 million as at 31 March 2014 to approximately HK\$4.8 million as at 31 March 2015.

Income tax expense

The effective tax rates for the years ended 31 March 2014 and 2015 were approximately 16.2% and 15.4% respectively. The effective tax rate for the year ended 31 March 2015 was lower than the statutory profit tax rate of 16.5% which was mainly due to the net effect of (i) the tax refund recorded in the year ended 31 March 2015; and (ii) the tax effect of Listing expenses being not deductible for tax purpose.

Profit and total comprehensive income for the year

Our Group's profit and total comprehensive income for the year ended 31 March 2015 was approximately HK\$35.0 million, representing a decrease of approximately HK\$5.7 million or 14.1% on a year-on-year basis, mainly due to (i) the recognition of Listing expenses of approximately HK\$7.1 million in our profit or loss accounts for the year ended 31 March 2015; and (ii) the increase in administrative expenses of approximately HK\$8.1 million.

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Year ended 31 March 2014 compared to year ended 31 March 2013

Revenue

Our Group's revenue decreased by approximately HK\$54.3 million or 21.3% from approximately HK\$255.3 million for the year ended 31 March 2013 to approximately HK\$201.0 million for the year ended 31 March 2014. Such decrease was mainly attributable to the net effect of:

- (i) lower revenue of approximately HK\$76.2 million recognised for two civil engineering projects, namely Project 04 and Project 08, for the year ended 31 March 2014 as compared to the revenue of approximately HK\$132.8 million recognised for the same projects which we had completed more work items of the aforesaid projects, such as sediment dredging works and disposal works, with greater aggregate value during the year ended 31 March 2013;
- (ii) lower revenue of approximately HK\$5.4 million recognised for Project 05 for the year ended 31 March 2014 as compared to the revenue of approximately HK\$7.6 million recognised for the same project in which our customer reduced the scope of works and thus the respective contract sum was revised from approximately HK\$22.6 million to approximately HK\$15.6 million in the year ended 31 March 2013; and
- (iii) higher revenue of approximately HK\$26.0 million recognised for three civil engineering projects, namely Project 07, Project 10 and Project 11, which we completed more variation orders for Project 07 due to amendment to project specifications and volume of works requested by our customer in the year ended 31 March 2014, while Project 10 and Project 11 were new projects commenced in the year ended 31 March 2014.

Cost of services

Our cost of services decreased by approximately HK\$65.8 million or 32.6% from approximately HK\$202.0 million for the year ended 31 March 2013 to approximately HK\$136.2 million for the year ended 31 March 2014. The percentage decrease in cost of services was relatively higher than the decrease in revenue as a result of higher gross profit margin of over 35% for Project 03 and Project 07 for the year ended 31 March 2014. In addition, the decrease in cost of services was also attributable to decrease in material costs and subcontracting fees, particularly for Project 08 in which we completed less work items as scheduled in the year ended 31 March 2014.

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Gross profit and gross profit margin

Despite a decrease in revenue, our gross profit increased by approximately 21.6% from approximately HK\$53.3 million for the year ended 31 March 2013 to approximately HK\$64.9 million for the year ended 31 March 2014, while our gross profit margin increased significantly from approximately 20.9% to approximately 32.3%. The significant increase in gross profit margin was mainly attributable to (i) Project 03 which was completed in July 2012. However, at the relevant time, our Group was in the progress to negotiate the final accounts with the respective customer in relation to the variation works performed by our Group. As the result of negotiation was uncertain and could not be measured reliably at that stage, according to our Group's accounting policies, costs of variation works were recognised as expenses in the period when they were incurred. Hence, most of the costs in relation to the variation works were already recognised when the project was completed. Following negotiation of a prolonged period, our customer has agreed to revise the contract sum for Project 03 from approximately HK\$453.3 million to HK\$513.8 million in 2013, thus our Group recognised revenue of approximately HK\$19.3 million according to the amount certified by our customer in the year ended 31 March 2014, which accounted for approximately 9.6% of our revenue for the year and in turn caused Project 03 having a relatively high gross profit margin of over 35% for the year ended 31 March 2014. Further details of Project 03 are set out in the paragraph headed "Financial information — Principal components of result of operations — Revenue" in this prospectus; and (ii) Project 07, which accounted for approximately 24.9% of our revenue for the year ended 31 March 2014, and had variation orders due to amendment to project specifications and volume of works requested by our customer in the year ended 31 March 2014. The values of variation orders represented a higher gross profit margin than the original contract sum due to higher pre-determined price for certain work items quoted by our Group during the tendering stage of Project 07, which in turn caused Project 07 having a relatively high gross profit margin of over 35% for the year ended 31 March 2014.

Other income

Our Group's other income slightly decreased by approximately HK\$14,000 from approximately HK\$526,000 for the year ended 31 March 2013 to approximately HK\$512,000 for the year ended 31 March 2014. The slight decrease was mainly due to miscellaneous reimbursement received from insurance company for the year ended 31 March 2013, while no such income was recorded by our Group for the year ended 31 March 2014.

Other gains and losses

Our Group's other gains and losses increased by approximately HK\$285,000 from approximately HK\$199,000 for the year ended 31 March 2013 to approximately HK\$484,000 for the year ended 31 March 2014. The increase was mainly due to the increase in exchange gain recognised resulting from the appreciation of foreign currencies held by our Group for year ended 31 March 2014.

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Administrative expenses

Our Group's administrative expenses decreased by approximately 15.6% from approximately HK\$20.1 million for the year ended 31 March 2013 to approximately HK\$17.0 million for the year ended 31 March 2014. Such decrease was mainly due to the decrease in our staff costs from approximately HK\$8.4 million for the year ended 31 March 2013 to approximately HK\$6.7 million for the year ended 31 March 2014, as a result of decrease in our directors' emoluments which were paid on a discretionary basis.

Finance costs

Finance costs increased from approximately HK\$131,000 for the year ended 31 March 2013 to approximately HK\$264,000 for the year ended 31 March 2014. The increase was mainly attributable to full year of interest payment on bank borrowings which was obtained by our Group in the second half of the year ended 31 March 2013.

Income tax expense

The effective tax rates for the years ended 31 March 2013 and 2014 were approximately 16.1% and 16.2% respectively, which were generally in line with the statutory profits tax rate of 16.5%.

Profit and total comprehensive income for the year

Our Group's profit and total comprehensive income for the year ended 31 March 2014 was approximately HK\$40.7 million, representing an increase of approximately HK\$12.4 million or 43.6% on a year-on-year basis, mainly due to the increases in gross profit and gross profit margin, which were mainly attributable to Project 03 and Project 07, as detailed above.

LIQUIDITY AND CAPITAL RESOURCES

Our Group had met its liquidity requirements principally through a combination of internal resources and bank borrowings during the Track Record Period. Our Group's principal uses of cash have been, and are expected to continue to be, operational costs for construction projects. Upon Listing, our sources of funds will be a combination of internal 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.

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Cash Flows

The following table sets forth the cash flows for the periods indicated:

	For the year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and cash equivalents at the beginning of year	111,864	112,142	90,110
Net cash flows from operating activities	9,198	7,334	8,601
Net cash flows from (used in) investing activities	(16,801)	(20,929)	744
Net cash flows from (used in) financing activities	7,778	(8,964)	(10,300)
Net increase/(decrease) in cash and cash equivalents	175	(22,559)	(955)
Effect of foreign exchange rate changes	103	527	231
Cash and cash equivalents at the end of year	112,142	90,110	89,386

Net cash flows from operating activities

During the Track Record Period, our net cash flows from operating activities mainly represented our profit before tax, being adjusted for depreciation, finance costs, unrealised net exchange gains, interest income, the effects of movements in working capital and Hong Kong income tax paid and refunded.

For the year ended 31 March 2013, we had net cash from operating activities of approximately HK\$9.2 million, primarily as a result of operating cash flows of approximately HK\$34.1 million before net negative changes in working capital of approximately HK\$20.8 million and tax payment of approximately HK\$4.2 million. Net negative change in working capital primarily consisted of combined effects of (i) the increase in debtors, deposits and prepayments of approximately HK\$12.3 million due to the increase in the retention receivables from a new project, namely Project 08, and the increase in prepaid insurance arising from Project 08; (ii) the increase in amounts due from joint operations/other partners of joint operations of approximately HK\$10.4 million; (iii) the decrease in amounts due to customers for contract works of approximately HK\$12.0 million; and (iv) the increase in creditors and accrued charges of approximately HK\$12.2 million due to the increase in cost of services and the increase in accrued subcontractors fees for the year ended 31 March 2013. Explanations of fluctuations of the aforesaid items from the consolidated statements of financial position are set out in the sub-section headed “Financial Information — Analysis of various items from the consolidated statements of financial position” in this prospectus.

For the year ended 31 March 2014, we had net cash from operating activities of approximately HK\$7.3 million, primarily as a result of operating cash flows of approximately HK\$48.6 million before net negative changes in working capital of approximately HK\$36.0 million and tax payment of approximately HK\$5.8 million. Net negative change in working capital primarily consisted of combined

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effects of (i) the increase in amounts due from customers for contract works of approximately HK\$16.2 million; (ii) the increase in debtors, deposits and prepayments of approximately HK\$16.0 million due to the significant increase in the trade receivables attributable to the commencement of new projects, namely Project 10 and Project 11, and the increase in the volume of works undertaken for Project 07 and Project 08 near the end of the year; and (iii) the decrease in amounts due to customers for contract works of approximately HK\$6.4 million. Explanations of fluctuations of the aforesaid items from the consolidated statements of financial position are set out in the sub-section headed “Financial Information — Analysis of various items from the consolidated statements of financial position” in this prospectus.

For the year ended 31 March 2015, we had net cash from operating activities of approximately HK\$8.6 million, primarily as a result of operating cash flows of approximately HK\$41.3 million before net negative changes in working capital of approximately HK\$26.3 million and tax payment of approximately HK\$7.2 million. Net negative change in working capital primarily consisted of combined effects of (i) the increase in amounts due from customers for contract works of approximately HK\$17.0 million; (ii) the increase in debtors, deposits and prepayments of approximately HK\$2.4 million due to the commencement of the new projects, namely Project 12 and Project 13; (iii) the increase in amounts due to customers for contract works of approximately HK\$4.6 million; and (iv) the decrease in creditors and accrued charges of approximately HK\$13.5 million attributable to the decrease in trade payables due to third parties, the decrease in accrued wages and the decrease in other payables. Explanations of fluctuations of the aforesaid items from the consolidated statements of financial position are set out in the sub-section headed “Financial Information — Analysis of various items from the consolidated statements of financial position” in this prospectus.

Net cash flows from/used in investing activities

For the year ended 31 March 2013, we had net cash flows used in investing activities of approximately HK\$16.8 million, which was mainly attributable to (i) the advances to related parties, a director and shareholders of approximately HK\$100.8 million, HK\$26.1 million and HK\$4.8 million respectively; (ii) the repayments from related parties, and a director of approximately HK\$101.5 million and HK\$20.8 million respectively; and (iii) the placement of pledged bank deposits of approximately HK\$9.6 million, which was to secure the issuance of performance bonds in the year.

For the year ended 31 March 2014, we had net cash flows used in investing activities of approximately HK\$20.9 million, which was mainly attributable to (i) the advances to related parties, a director, and shareholders of approximately HK\$154.8 million, HK\$66.1 million and HK\$2.7 million respectively; (ii) the repayments from related parties, a director, shareholders, and other partners of joint operation of approximately HK\$144.7 million, HK\$55.2 million, HK\$3.5 million and HK\$4.9 million respectively; and (iii) the placement of pledged bank deposits of approximately HK\$5.5 million, which was to secure the issuance of performance bonds in the year.

For the year ended 31 March 2015, we had net cash flows from investing activities of approximately HK\$0.7 million, which was mainly attributable to the combined effects of (i) the advances to related parties, and other partners of joint operations of approximately HK\$69.5 million and HK\$6.5 million respectively; (ii) the repayments from related parties, and other partners of joint operations of approximately HK\$71.0 million and HK\$6.4 million respectively; (iii) the placement of

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pledged bank deposits of approximately HK\$10.9 million, which was to secure the issuance of performance bonds in the period; and (iv) the withdrawal of pledged bank deposits of approximately HK\$10.1 million.

Net cash flows from/used in financing activities

For the year ended 31 March 2013, we had net cash flows from financing activities of approximately HK\$7.8 million, which was mainly attributable to the combined effects of (i) the raised bank borrowings of approximately HK\$9.0 million; (ii) the repayment of bank borrowings of approximately HK\$0.7 million; and (iii) the repayment to a shareholder of approximately HK\$0.3 million.

For the year ended 31 March 2014, we had net cash flows used in financing activities of approximately HK\$9.0 million, which was mainly attributable to the combined effects of (i) the repayment of bank borrowings of approximately HK\$1.7 million; (ii) the repayments to joint operations of approximately of HK\$11.5 million; and (iii) the advance from a director of approximately HK\$4.4 million.

For the year ended 31 March 2015, we had net cash flows used in financing activities of approximately HK\$10.3 million, which was mainly attributable to the combined effects of (i) the advance from a director of approximately HK\$20.0 million; (ii) the repayment to a director of approximately HK\$25.7 million; (iii) the issue of share capital of approximately HK\$4.2 million; and (iv) the dividends paid of approximately HK\$7.4 million.

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NET CURRENT ASSETS

The following table sets forth the breakdown of our Group's current assets and liabilities as at 31 March 2013, 2014 and 2015 and 30 April 2015:

	As at 31 March			As at
	2013	2014	2015	30 April
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
Current assets				
Amounts due from customers for				
contract works	5,991	22,142	39,140	40,715
Debtors, deposits and prepayments	44,440	61,036	58,402	68,850
Tax recoverable	305	369	—	1,028
Amounts due from joint operations/other				
partners of joint operations	19,688	14,004	10,768	10,798
Amounts due from shareholders	4,546	—	—	—
Amount due from a director	5,819	—	—	—
Pledged bank deposits	9,674	15,167	15,985	16,058
Bank balances and cash	<u>112,356</u>	<u>90,110</u>	<u>89,386</u>	<u>86,515</u>
	<u>202,819</u>	<u>202,828</u>	<u>213,681</u>	<u>223,964</u>
Current liabilities				
Amounts due to customers for				
contract works	31,387	24,989	29,546	33,652
Creditors and accrued charges	40,915	40,402	26,943	27,959
Amounts due to joint operations/other				
partners of joint operations	4,933	6,857	6,973	6,017
Amounts due to fellow subsidiaries of				
a joint operation partner	2,097	2,117	657	657
Amount due to a shareholder	—	2,942	—	—
Amount due to a director	—	5,716	—	—
Tax liabilities	2,491	5,113	4,648	4,466
Bank borrowings	<u>8,523</u>	<u>6,607</u>	<u>4,846</u>	<u>4,696</u>
	<u>90,346</u>	<u>94,743</u>	<u>73,613</u>	<u>77,447</u>
Net current assets	<u><u>112,473</u></u>	<u><u>108,085</u></u>	<u><u>140,068</u></u>	<u><u>146,517</u></u>

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Our net current assets decreased by approximately 3.9% from HK\$112.5 million as at 31 March 2013 to approximately HK\$108.1 million as at 31 March 2014. The decrease was mainly due to the distribution of substantial portion of profits during the year together with the repayment of amounts due to joint operations which were classified as non-current liabilities resulting in (i) a decrease in amount due from a director of approximately HK\$5.8 million; (ii) a decrease in the amounts due from joint operations/other partners of joint operations of approximately HK\$5.7 million; (iii) an increase in the amount due to a director of approximately HK\$5.7 million; and (iv) a decrease in bank balances and cash of approximately HK\$22.2 million. Such effects were partially offset by (i) an increase in the amounts due from customers for contract works of approximately HK\$16.2 million; and (ii) an increase in the debtors, deposits and prepayment of approximately HK\$16.6 million.

Our net current assets increased by approximately 29.6% from approximately HK\$108.1 million as at 31 March 2014 to approximately HK\$140.1 million as at 31 March 2015. The increase was mainly due to the profitable operations during the period resulting in (i) an increase in the amounts due from customers for contract works of approximately HK\$17.0 million; (ii) a decrease in creditors and accrued charges of approximately HK\$13.5 million; and (iii) a decrease in amounts due to a director of approximately HK\$5.7 million. Such effects were partially offset by (i) a decrease in amounts due from joint operations/other partners of joint operations of approximately HK\$3.2 million; and (ii) an increase in the amounts due to customers for contract work of approximately HK\$4.6 million.

As at 30 April 2015, we had net current assets of approximately HK\$146.5 million, representing an increase of approximately 4.6% from approximately HK\$140.1 million as at 31 March 2015. The increase was mainly due to the profitable operations during the period resulting in the increase in debtors, deposit and prepayments of approximately HK\$10.4 million, which was partially offset by the amounts due to customers for contract works of approximately HK\$4.1 million. The key components of our current assets as at 30 April 2015 included (i) amounts due from customers for contract works of approximately HK\$40.7 million; (ii) debtors, deposits and prepayments of approximately HK\$68.9 million; (iii) amounts due from joint operations/other partners of joint operations of approximately HK\$10.8 million; (iv) pledged bank deposits of approximately HK\$16.1 million; and (v) bank balances and cash of approximately HK\$86.5 million. The key components of our current liabilities included (i) amounts due to customers for contract works of approximately HK\$33.7 million; and (ii) creditors and accrued charges of approximately HK\$28.0 million.

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ANALYSIS OF VARIOUS ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts due from/to customers for contract works

Our turnover from construction contracts is recognised based on the stage of completion of the contracts. The stage of completion is established by reference to construction works certified. There is normally a timing difference between the completion of site works and the issuance of progress certificates and billing of the construction projects. According to our accounting policies, our Group presents as an asset when the gross amount due from customers for contract works for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Our Group presents as a liability when the gross amounts due to customers for contract works for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses). Our Group normally submits payment applications to our customers on a monthly basis. The following table sets forth the amounts due from/to customers for contract works as at each reporting date:

	As at 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Amounts due from customers for contract works	5,991	22,142	39,140
Amounts due to customers for contract works	31,387	24,989	29,546

The amounts due from/to customers for contract works are usually affected by (i) the volume and value of work performed by our Group in the last month of each reporting period; and (ii) the timing of making the progress certificates, which varies from period to period. The increasing trend of the amounts due from customers for contract works balance during the Track Record Period was in line with the larger scale of projects undertaken by our Group, such as Project 07 which has been operated solely by our Group with an expected contract sum of approximately HK\$288.6 million.

Debtors, deposits and prepayments

During the Track Record Period, our Group's debtors, deposits and prepayment mainly represented trade receivables, retention receivables, other debtors, deposits and prepayment and due from related parties.

(i) Trade receivables and retention receivables

In general, we submit an interim payment application to the architect or engineers employed by our customers on a monthly basis with details relating to the amount of work done. Once we have provided our interim payment application, our customers or their authorised representatives, such as the architects or quantity surveyor employed by our customers, would issue a progress certificate certifying the works progress in the preceding month. It normally takes about 21 days from the date of interim payment application for such certificate to be issued. Upon the issue of such certificate, the customer is generally obliged to pay our Group the amount certified less retention money as mentioned below. For most projects, no invoice is issued by our Group. However, for some private sector customers and at their request, our Group may issue a debit note or invoice based on the progress certificate issued. Public

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sector customers are generally required to make payments to us within 21 days after the issue of progress certificate, while our private sector customers are normally required to make payments to us within 60 days after the issue of the invoice.

In most contracts, there is a term entitling our customers to withhold an amount of payment as retention money from the progress payment. The retention money is retained by our customers for our projects at a rate of 1% to 10% of each interim payment made to us and up to a maximum limit of 5% of the total tender contract sum. Generally, the first part of the retention money is released upon issue of certificate of completion of the project and the remaining of the retention money is released to us upon the issue of the maintenance certificate. Further details of progress payment and retention money are set out in the sub-section headed “Business — Key customer project terms” in this prospectus.

The following table sets out the breakdown of trade receivables and retention receivables as at each reporting date:

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables			
Due from third parties	12,805	25,858	28,801
Due from a related party			
— Concordia Engineering Limited	<u>892</u>	<u>897</u>	<u>—</u>
	<u>13,697</u>	<u>26,755</u>	<u>28,801</u>
Retention receivables			
Due from third parties	10,643	12,717	18,287
Due from a related party			
— Concordia Engineering Limited	<u>—</u>	<u>3</u>	<u>—</u>
	<u>10,643</u>	<u>12,720</u>	<u>18,287</u>
	<u><u>24,340</u></u>	<u><u>39,475</u></u>	<u><u>47,088</u></u>

The trade receivables due from third parties increased significantly from approximately HK\$12.8 million as at 31 March 2013 to approximately HK\$25.9 million as at 31 March 2014, mainly due to (i) new projects commenced during the year ended 31 March 2014, such as Project 11 of approximately HK\$6.8 million; and (ii) the increase in the volume of works undertaken for Project 07 and Project 08 at the end of the financial year ended 31 March 2014, which in turn increased the trade receivables for Project 07 and Project 08 of approximately HK\$5.2 million and HK\$2.9 million respectively. The trade receivables from third parties further increased from approximately HK\$25.9 million as at 31 March 2014 to approximately HK\$28.8 million as at 31 March 2015, primarily due to the net effects of (i) the contribution from a new project, namely Project 12, of approximately HK\$13.5 million; (ii) the decrease in receivables for Project 07 of approximately HK\$5.3 million as a result of more work items completed

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during the year ended 31 March 2014; and (iii) the decrease in receivables for Project 11 of approximately HK\$4.7 million due to the decrease in number of work items completed at the end of the year ended 31 March 2015.

The retention receivables increased from approximately HK\$10.6 million as at 31 March 2013 to approximately HK\$12.7 million as at 31 March 2014, and further to approximately HK\$18.3 million as at 31 March 2015 mainly due to the continuous accumulated retention for the existing projects, such as Project 08 of approximately HK\$7.4 million as at 31 March 2014 and 2015, and the contribution from new projects, namely Project 11 and Project 12, of approximately HK\$1.0 million and nil respectively as at 31 March 2014, which further increased to approximately HK\$4.2 million and HK\$2.0 million respectively as at 31 March 2015.

The following table sets forth the turnover days of trade receivables (calculated as the average of beginning and ending total trade receivables for the period divided by revenue for the period, and multiplied by the number of days in the period) for the financial periods indicated:

	For the year ended 31 March		
	2013	2014	2015
Trade receivables turnover days	<u>22.5 days</u>	<u>36.7 days</u>	<u>38.9 days</u>

The trade receivables turnover days increased significantly from approximately 22.5 days for the year ended 31 March 2013 to approximately 36.7 days for the year ended 31 March 2014 mainly due to (i) Project 11 which commenced at later time of the year ended 31 March 2014, thus less revenue was recognised compared to its receivables; and (ii) the increase in the volume of works undertaken for Project 07 and Project 08 at the end of the year ended 31 March 2014. The trade receivables turnover days remained stable, with a slight increase from approximately 36.7 days for the year ended 31 March 2014 to approximately 38.9 days for the year ended 31 March 2015. In view of the fact that our Group allows credit period of up to 60 days to certain customers, our Directors are of the view that our trade receivables turnover days have been maintained at a reasonable level during the Track Record Period.

Before accepting any new customer, our Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. Our executive Directors determine specific provision for doubtful debts on a case-by-case basis. During the Track Record Period, we did not make any provision for doubtful debts in relation to trade receivables and we did not experience any difficulty in collecting our trade receivables which caused a significant adverse impact to our business operation. In the event that we notice any events or changes in circumstances which indicate the balances may not be collectible such as the customer having any financial or liquidity problem which may result in difficulty in settling the outstanding payment, relevant provision of impairment of trade receivables would be made.

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The following table sets forth the turnover days of retention receivables (calculated as the average of beginning and ending total retention receivables for the period divided by 5% maximum retention money derived from civil engineering projects (*note*) for the period and multiplied by the number of days in the period) for the financial periods indicated:

	For the year ended 31 March		
	2013	2014	2015
Retention receivables			
turnover days	<u>206.5 days</u>	<u>424.2 days</u>	<u>433.9 days</u>

Note: The maximum retention money derived from civil engineering projects for the financial period is calculated based on 5% of the total revenue from civil engineering projects for the period. Revenue derived from projects is set out in the paragraph headed “Financial information — Principal components of the results of operation — Revenue” in this prospectus.

Our retention receivables turnover days increased from approximately 206.5 days for the year ended 31 March 2013 to approximately 424.2 days for the year ended 31 March 2014 mainly due to the continuous accumulated retention for the existing projects, such as Project 08 of approximately HK\$7.4 million as at 31 March 2014, while the revenue derived from Project 08 decreased significantly by approximately 59.9% for the year ended 31 March 2014. Our retention receivables turnover days remained stable for the year ended 31 March 2015, with a slight increase from approximately 424.2 days for the year ended 31 March 2014 to approximately 433.9 days for the year ended 31 March 2015.

The following table illustrates the ageing analysis of the trade receivables and retention receivables as at each reporting date:

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables:			
0–30 days	9,686	18,593	24,699
31–60 days	1,313	6,769	3,781
Over 90 days	<u>2,698</u>	<u>1,393</u>	<u>321</u>
	<u>13,697</u>	<u>26,755</u>	<u>28,801</u>
Retention receivables:			
Due within one year	1,663	1,131	1,757
Due after one year	<u>8,980</u>	<u>11,589</u>	<u>16,530</u>
	<u>10,643</u>	<u>12,720</u>	<u>18,287</u>

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Our Group allows credit period up to 60 days to certain customers. Our trade receivables of approximately HK\$2.7 million, HK\$1.4 million and HK\$0.3 million as at 31 March 2013, 2014 and 2015 respectively were past due but not impaired. Our Group considers that the majority of our Group's trade receivables that were past due but not impaired have good credit quality with reference to respective settlement history of the relevant customers.

Approximately 54.8% of the trade receivables as at 31 March 2015 were subsequently settled up to 30 April 2015, while there was no release on retention receivables as at 31 March 2015 up to 30 April 2015. The expected release dates of the retention monies as at 31 March 2015 should fall with the latest in September 2017.

(ii) *Other debtors, deposits and prepayment*

The following table sets out the breakdown of other debtors, deposits and prepayment as at each reporting date:

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other debtors, deposits and prepayment			
Due from third parties			
— Deposits and prepaid expenses	9,612	11,426	10,556
— Advances to subcontractors	5,992	4,907	—
— Others	<u>72</u>	<u>204</u>	<u>758</u>
	<u>15,676</u>	<u>16,537</u>	<u>11,314</u>

During the Track Record Period, other debtors, deposits and prepayment represented deposits and prepaid expenses, advances to subcontractors and others. Deposits and prepaid expenses mainly represented rental, utilities, environmental deposits, prepaid Listing expenses and prepaid insurance.

As at 31 March 2014 and 2015, included in deposits and prepaid expenses was an amount of approximately HK\$2.4 million which has been pledged to an insurance institution to secure a performance bond issued by the institution to a customer of our Group. Further details on the performance bond are set out in the sub-section headed "Financial information — Performance bonds and contingent liabilities" in this prospectus. Also included in deposits and prepaid expenses was the prepaid insurance for our business operation amounting to approximately HK\$7.4 million, HK\$6.8 million and HK\$4.2 million as at 31 March 2013, 2014 and 2015 respectively.

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The increase in the other debtors, deposits and prepayment as at 31 March 2014 was mainly due to the increase in the deposit and prepaid expenses as a result of the pledging of approximately HK\$2.4 million to the insurance institution as mentioned above.

The decrease in the other debtors, deposits and prepayment as at 31 March 2015 was mainly due to the net effects of (i) the decrease in prepaid insurance by approximately HK\$3.3 million mainly due to the amortisation of insurance expenses; (ii) the settlement of the advances to subcontractors of approximately HK\$4.9 million; and (iii) the recognition of prepaid Listing expenses of approximately HK\$2.3 million as at 31 March 2015.

(iii) Due from related parties

The following table sets out the breakdown of due from related parties as at each reporting date:

	As at 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Due from related parties			
— Step Technology Limited	4,351	4,351	—
— C&P (Holdings) Hong Kong Limited	<u>73</u>	<u>673</u>	<u>—</u>
	<u>4,424</u>	<u>5,024</u>	<u>—</u>

During the Track Record Period, our amounts due from related parties mainly represented advancement to Step Technology Limited, a related company in which Ms. Loh Sau Ling, the sibling of Mr. YC Lo and Mr. Ronnie Lo, was the sole shareholder and director. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand. During the year ended 31 March 2015, the amount has been fully settled.

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Amounts due from/to joint operations/other partners of joint operations and amounts due to fellow subsidiaries of a joint operation partner

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from joint operations/other partners of joint operations			
— Trade-related	14,830	13,705	10,336
— Non-trade related	<u>4,858</u>	<u>299</u>	<u>432</u>
	<u><u>19,688</u></u>	<u><u>14,004</u></u>	<u><u>10,768</u></u>
Amounts due to joint operations/other partners of joint operations (<i>note</i>)			
— Trade-related	4,923	6,857	6,973
— Non-trade related	<u>11,513</u>	<u>—</u>	<u>—</u>
	<u><u>16,436</u></u>	<u><u>6,857</u></u>	<u><u>6,973</u></u>

Note: Amounts due to joint operations/other partners of joint operations consist of amounts due to joint operations/other partners of joint operations under current liabilities and amounts due to joint operations under non-current liabilities.

For projects which involve technically complex construction or for large-scale projects, we may submit tenders for these projects as a joint venture with our joint venture partners, in which case we share the project work and responsibilities with our joint venture partners as defined in the joint venture agreement.

(i) Amounts due from joint operations/other partners of joint operations

Trade-related amounts due from joint operations represented receivables for construction works that were subcontracted to our Group by our Joint Operations and amounted to approximately HK\$14.8 million, HK\$13.7 million and HK\$10.3 million as at 31 March 2013, 2014 and 2015 respectively, which were affected by the volume and value of works that had been subcontracted to our Group.

Non-trade related amounts due from other partners of joint operations represented advancement made from our Joint Operations to other partners of Joint Operations and amounted to approximately HK\$4.9 million, HK\$0.3 million and HK\$0.4 million as at 31 March 2013, 2014 and 2015 respectively, which were unsecured, interest-free and repayable on demand within 12 months. The advancement was approved by the supervisory board of the Joint Operations.

(ii) Amounts due to joint operations/other partners of joint operations

Trade-related amounts due to other partners of joint operations represented payables for construction works that were subcontracted to other partners of Joint Operations by our Joint Operations. Included in amounts due to other partners of joint operations were trade-related amounts due

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to other partners of joint operations of approximately HK\$4.9 million, HK\$6.9 million and HK\$7.0 million as at 31 March 2013, 2014 and 2015 respectively, which were affected by the volume and value of works that had been subcontracted to other partners of Joint Operations.

The amounts due to joint operations of approximately HK\$11.5 million as at 31 March 2013 were non-trade related, unsecured, interest-free and repayable after one year. Such non-trade related amounts due to joint operations represented advancement from our Joint Operations to our Group, and the advancement was approved by the supervisory board of the Joint Operations.

Amounts due from/to shareholders and amount due from/to a director

Set out below are the balances related to our shareholders and directors for the Track Record Period:

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from shareholders	4,546	—	—
Amount due from a director	<u>5,819</u>	<u>—</u>	<u>—</u>
	<u><u>10,365</u></u>	<u><u>—</u></u>	<u><u>—</u></u>
Amount due to a shareholder	—	2,942	—
Amount due to a director (<i>current</i>)	<u>—</u>	<u>5,716</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>8,658</u></u>	<u><u>—</u></u>
Amount due to a director (<i>non-current</i>)	<u>1,308</u>	<u>—</u>	<u>—</u>
	<u><u>1,308</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

During the Track Record Period, amounts due from shareholders and a director represented short term advancement to shareholders, and a director. These amounts are unsecured, interest-free and repayable on demand. As at 31 March 2014, all amounts due from shareholders, and a director have been fully settled.

Except for amount due to a director of approximately HK\$1.3 million as at 31 March 2013 which represented the director's loan to our Group executed in 2003 for working capital, and was unsecured, interest-free and repayable after one year, the remaining amount due to a shareholder/director represented short term advancement from the shareholder/director, which was unsecured, interest-free and repayable on demand. As at 31 March 2015, all amounts due to the shareholder and director have been fully settled.

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Pledged bank deposits

The pledged bank deposits of our Group are pledged to banks for securing the performance bonds issued by the banks to our Group's customers on behalf of our Group as a guarantee. The significant increase in pledged bank deposits from approximately HK\$9.7 million as at 31 March 2013 to approximately HK\$15.2 million as at 31 March 2014 and further to approximately HK\$16.0 million as at 31 March 2015 was mainly due to the increase in accumulation of projects which required performance bonds. Further details on the performance bonds are set out in the sub-section headed "Financial information — Performance bonds and contingent liabilities" in this prospectus. The pledged bank deposits carry interest at market rates as follows:

	For the year ended 31 March		
	2013	2014	2015
Range of interest rate per annum for pledged bank deposits	<u>2.5%–3%</u>	<u>2.4%–2.9%</u>	<u>2.3%–3.2%</u>

Creditors and accrued charges

During the Track Record Period, our Group's creditors and accrued charges represented trade payables, retention payables and other payables and accruals.

The following table sets out the breakdown of creditors and accrued charges as at each reporting date:

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables			
Due to third parties	14,655	20,725	16,161
Due to a related party			
— Concordia Engineering Limited	<u>2,519</u>	<u>2,753</u>	<u>—</u>
	<u>17,174</u>	<u>23,478</u>	<u>16,161</u>
Retention payables	<u>4,843</u>	<u>6,027</u>	<u>8,590</u>
Other payables and accruals			
Accrued wages	3,156	3,027	1,753
Accrued operating expenses	387	669	268
Accrued subcontractors fees	9,614	1,809	—
Other payables	<u>5,741</u>	<u>5,392</u>	<u>171</u>
	<u>18,898</u>	<u>10,897</u>	<u>2,192</u>
	<u>40,915</u>	<u>40,402</u>	<u>26,943</u>

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(i) Trade payables and retention payables

During the Track Record Period, our trade payables principally comprised payables to the suppliers of materials and the subcontractors of our Group. Trade payables due to third parties increased from approximately HK\$14.7 million as at 31 March 2013 to approximately HK\$20.7 million as at 31 March 2014 mainly due to the commencement of new Projects, namely Project 10 and Project 11, for the year ended 31 March 2014, which incurred both high subcontracting fee and raw material costs at the beginning stage of the projects. Trade payables due to third parties decreased from approximately HK\$20.7 million as at 31 March 2014 to approximately HK\$16.2 million as at 31 March 2015 mainly due to the net effects of (i) the decrease in payables of approximately HK\$6.7 million for Project 07 which had achieved significant completion (i.e. over 75% of completion as at 31 March 2015) in the year ended 31 March 2015, hence less raw material cost incurred; (ii) the decrease in payables of approximately HK\$1.5 million for Project 04 which had been completed during the year ended 31 March 2015; (iii) the decrease in payables of approximately HK\$1.4 million for Project 01 which had been completed during the year ended 31 March 2013 and the settlement of payables has been made upon the issue of the final certificate by the customer during the year ended 31 March 2015; and (iv) the increase in payables of a new project, namely Project 12, of approximately HK\$5.6 million.

Retention payables represented the money withheld for civil engineering work by us when making interim payment to some of our subcontractors. The retention money ranges from 1% to 10% of each interim payment paid to some of our subcontractors and up to a maximum limit of 5% of the total subcontract sum. Generally, the first part of the retention money is released upon practical completion confirmed by our customers and the remaining of the retention money is released upon expiry of our maintenance period. The retention payables amounted to approximately HK\$4.8 million, HK\$6.0 million and HK\$8.6 million as at 31 March 2013, 2014 and 2015 respectively, which increased as a result of increasing number of projects carried out by our Group during the Track Record Period, which is in line with the increase in our retention receivables.

The following table sets out the turnover days of trade payables (calculated as the average of beginning and ending trade payables balances for the period, divided by actual cost of services, excluding staff costs, for the period, multiplied by the number of days in the period) for the financial period indicated:

	For the year ended 31 March		
	2013	2014	2015
Trade payables turnover days	<u>35.3 days</u>	<u>64.1 days</u>	<u>46.4 days</u>

We normally pay our subcontractors on a monthly basis by reference to the value of the works done by our subcontractors. Subcontractors are required to submit interim invoices to our Group before the 10th day of each month indicating the value of work done in the preceding month. We normally make payments to our subcontractors within 30 days after receiving the invoices. Furthermore, we normally pay our suppliers within 30 days after receiving the invoices. Our trade payables turnover days increased from approximately 35.3 days for the year ended 31 March 2013 to approximately 64.1 days for the year ended 31 March 2014, which was mainly attributable to (i) the increase in the volume of works undertaken for Project 07 and Project 08 near the end of the year ended 31 March 2014; and (ii) Project 11 which commenced at later time of the year ended 31 March 2014, thus less cost of services

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was recognised compared to its payables. Hence, our Group recognised an increase in trade payables despite a decrease in cost of services for the year ended 31 March 2014. Our trade payables turnover days fell back to approximately 46.4 days for the year ended 31 March 2015, which was within the range of our credit period of 30 to 60 days.

The following table illustrates the ageing analysis of the trade payables and retention payables based on invoice date as at each reporting date:

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables:			
0–30 days	9,636	11,113	7,982
31–60 days	5,130	8,762	6,891
61–90 days	74	862	147
Over 90 days	<u>2,334</u>	<u>2,741</u>	<u>1,141</u>
	<u><u>17,174</u></u>	<u><u>23,478</u></u>	<u><u>16,161</u></u>
Retention payables:			
Due within one year	986	1,023	675
Due after one year	<u>3,857</u>	<u>5,004</u>	<u>7,915</u>
	<u><u>4,843</u></u>	<u><u>6,027</u></u>	<u><u>8,590</u></u>

The credit periods offered by our materials suppliers and subcontractors ranged from 30 to 60 days. The trade payables is short term and hence their carrying values are considered by our Directors to be a reasonable approximation of their fair values. The majority of trade payables as at 31 March 2013, 2014 and 2015 were current or aged less than 60 days.

Approximately HK\$2.0 million, HK\$2.5 million and nil of the trade payables aged over 90 days as at 31 March 2013, 2014 and 2015 respectively were due to Concordia Engineering Limited, which was a related party on or before November 2014. The settlement has been made upon the issue of the final certificate by the customer related to Project 01 during the year ended 31 March 2015.

Approximately 52.8% of the trade payables as at 31 March 2015 were subsequently settled up to 30 April 2015.

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(ii) *Other payables and accruals*

During the Track Record Period, other payables and accruals represented accrued wages, accrued operating expenses, accrued subcontractors fees and other payables. In particular, accrued subcontractors fees represented services provided by the subcontractors not yet invoiced. The relatively high accrued subcontractors fee of approximately HK\$9.6 million as at 31 March 2013 was mainly due to Project 03 which was at completion stage where the costs had been substantially realised but not yet invoiced for the year ended 31 March 2013 because we were still negotiating the final amounts of cost of services with our subcontractors for such project as at 31 March 2013. After that, accrued subcontractors fees decreased significantly from approximately HK\$9.6 million as at 31 March 2013 to approximately HK\$1.8 million as at 31 March 2014, and further decreased to nil as at 31 March 2015.

Accrued wages decreased from approximately HK\$3.0 million as at 31 March 2014 to approximately HK\$1.8 million as at 31 March 2015 mainly because we paid wages in a relatively timely manner during the year ended 31 March 2015.

Other payables included an amount of approximately HK\$2.9 million as at 31 March 2013 and 2014 in respect of a litigation claim against our Group. During the year ended 31 March 2013, a litigation claim was lodged by a steel supplier of our Group alleging that its contract for supplying of steel to our Group has been breached. During the year ended 31 March 2015, the case was settled and a final compensation of approximately HK\$2.9 million was awarded to the supplier by the High Court.

Bank borrowings

The variable-rate bank borrowings and bank overdrafts are repayable as follows:

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount of bank loans that contain the repayable on demand clause and analysed based on scheduled repayment dates:			
— Within one year	1,701	1,761	1,824
— In the second year	1,761	1,824	1,889
— In the third to fifth years inclusive	4,847	3,022	1,133
	8,309	6,607	4,846
Unsecured bank overdrafts	214	—	—
Less: On demand or amount due within one year shown under current liabilities	(8,523)	(6,607)	(4,846)
Amount shown under non-current liabilities	—	—	—

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During the Track Record Period, our bank borrowings mainly represented secured bank borrowings amounted to approximately HK\$8.3 million, HK\$6.6 million, and HK\$4.8 million as at 31 March 2013, 2014 and 2015 respectively. Our Group started borrowing for the year ended 31 March 2013 for the purpose of maintaining sufficient fund for potential large-scale projects. The variable-rate bank borrowings were secured by a personal guarantee of HK\$9.0 million from Mr. YC Lo and Mrs. Vera Lo. The variable-rate bank borrowings carried effective interest rates (which were also equal to contracted interest rate) at 3.5% per annum as at 31 March 2013, 2014 and 2015.

OTHER KEY FINANCIAL RATIOS

	For the year ended 31 March		
	2013	2014	2015
Current ratio ¹	2.2 times	2.1 times	2.9 times
Gearing ratio ²	8.3%	6.0%	3.4%
Debt to equity ratio ³	N/A	N/A	N/A
Interest coverage ⁴	258.9 times	185.0 times	204.8 times
Return on total assets ⁵	13.8%	19.9%	16.2%
Return on equity ⁶	27.8%	37.0%	24.7%
Net profit margin ⁷	11.1%	20.3%	13.4%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year end.
2. Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective year end and multiplied by 100.0%.
3. Debt to equity ratio is calculated by the net debt (all borrowings net of cash and cash equivalents) divided by the total equity as at the respective year end and multiplied by 100.0%.
4. Interest coverage is calculated by the profit before interest and tax divided by the interest for the respective year.
5. Return on total assets is calculated by the total comprehensive income for the period divided by the total assets as at the respective year end and multiplied by 100.0%.
6. Return on equity is calculated by the total comprehensive income for the period divided by the total equity as at the respective year end and multiplied by 100.0%.
7. Net profit margin is calculated by the total comprehensive income divided by the revenue for the respective year and multiplied by 100.0%.

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Current ratio

Our current ratio remained relatively stable during the Track Record Period. It was approximately 2.2 times, 2.1 times and 2.9 times as at 31 March 2013, 2014 and 2015 respectively. Our Group has been striving to maintain adequate liquidity and working capital position to cope with our operation needs for our civil engineering projects, and we believe that the current ratio of our Group has been maintained at a healthy level during the Track Record Period.

Gearing ratio

Our gearing ratio was approximately 8.3%, 6.0% and 3.4% as at 31 March 2013, 2014 and 2015 respectively. Our gearing ratio decreased from approximately 8.3% as at 31 March 2013 to approximately 6.0% as at 31 March 2014, and further to approximately 3.4% as at 31 March 2015 mainly due to (i) a decrease in bank borrowings of approximately HK\$1.9 million for the year ended 31 March 2014 and approximately HK\$1.8 million for the year ended 31 March 2015; and (ii) an increase in total equity value of our Group accumulated from the retained earnings of approximately HK\$8.0 million for the year ended 31 March 2014 and approximately HK\$27.6 million for the year ended 31 March 2015.

Debt to equity ratio

Debt to equity ratio was not applicable as at 31 March 2013, 2014 and 2015 because our bank balances and cash were greater than our bank borrowings at each of the reporting dates.

Interest coverage

Our interest coverage was approximately 258.9 times, 185.0 times and 204.8 times for the three years ended 31 March 2013, 2014 and 2015 respectively. The interest coverage ratio for the year ended 31 March 2014 decreased as compared to 31 March 2013 due to the bank loan borrowed near the end of the year ended 31 March 2013, with full year interest payment impact for the year ended 31 March 2014. The slight increase in the interest coverage ratio for the year ended 31 March 2015 as compared to the year ended 31 March 2014 was mainly due to the decrease in finance cost as a result of the repayment of borrowings for the year ended 31 March 2015.

Return on total assets

Our return on total assets was approximately 13.8%, 19.9% and 16.2% for the three years ended 31 March 2013, 2014 and 2015 respectively. Our return on total assets for the year ended 31 March 2014 increased mainly because our net profit for the year increased by approximately HK\$12.4 million compared to the year ended 31 March 2013. The decrease in return on total assets for the year ended 31 March 2015 compared to the year ended 31 March 2014 was mainly due to the decrease in net profit for the year ended 31 March 2015.

Return on equity

Our return on equity was approximately 27.8%, 37.0% and 24.7% for the three years ended 31 March 2013, 2014 and 2015 respectively. Our return on equity increased significantly for the year ended 31 March 2014 compared to 31 March 2013 due to the increase in net profit for the year by

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approximately HK\$12.4 million while the total equity did not recognise the same increase due to payment of dividend of approximately HK\$32.8 million. Our return on equity decreased significantly for the year ended 31 March 2015 compared to the year ended 31 March 2014 due to the decrease in net profit for the year ended 31 March 2015 together with the enlarged total equity.

Net profit margin

Our net profit margin increased significantly from approximately 11.1% for the year ended 31 March 2013 to approximately 20.3% for the year ended 31 March 2014 mainly attributable to the significant increase in gross profit margin from approximately 20.9% for the year ended 31 March 2013 to approximately 32.3% for the year ended 31 March 2014. Our net profit margin decreased significantly from approximately 20.3% for the year ended 31 March 2014 to approximately 13.4% for the year ended 31 March 2015 due to (i) the decrease in gross profit margin from approximately 32.3% for the year ended 31 March 2014 to approximately 27.9% for the year ended 31 March 2015; (ii) the recognition of Listing expenses of approximately HK\$7.1 million; and (iii) the increase in administrative expenses of approximately HK\$8.1 million.

LISTING EXPENSES

The total expenses for the Listing are estimated to be approximately HK\$20.1 million based on the Offer Price of HK\$0.65 (being the mid-point of the Offer Price range stated in this prospectus). Of the aggregate Listing expenses of approximately HK\$20.1 million, approximately HK\$6.3 million directly attributable to the issue of Offer Shares will be accounted for as a deduction from equity upon Listing. The remaining approximate HK\$13.8 million, was charged to our profit or loss accounts as to approximately HK\$7.1 million for the year ended 31 March 2015 and will be charged to our profit or loss accounts as to approximately HK\$6.7 million for the year ending 31 March 2016.

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PERFORMANCE BONDS AND CONTINGENT LIABILITIES

In order to guarantee satisfactory completion of a project by contractor, it is common for customers from certain non-government public bodies to request the main contractor to procure performance bonds issued by a bank or an insurance institution in favour of the customers according to the contract terms and conditions. Generally, the amount of performance bonds or surety bonds required for each project would not exceed 10% of the tender sums. The performance bonds or surety bonds normally expire after the completion of the project or as specified in the relevant contract. Further information on our performance bonds are set out in the sub-section headed “Business — Key customer project terms” in this prospectus.

As at the end of each reporting period, our Group had outstanding performance bonds as follows:

	As at 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Issued by our Group's banks	8,760	13,489	15,985
Issued by an insurance institution	—	2,440	2,440
	<u>8,760</u>	<u>15,929</u>	<u>18,425</u>

Our Group's outstanding performance bonds increased from approximately HK\$8.8 million as at 31 March 2013 to approximately HK\$15.9 million as at 31 March 2014 and further to approximately HK\$18.4 million as at 31 March 2015, which was mainly due to the increase in accumulation of projects which required performance bonds.

In addition to a pledged bank deposit, our Group has also provided a guarantee for a performance bond included above of HK\$8.7 million in respect of a construction contract undertaken by a Joint Operation to a financial institution as at 31 March 2013 and 2014. Such guarantee was released in January 2015.

In the opinion of our management, the fair value of the financial guarantee contract of our Group is insignificant at initial recognition and the management of our Group considers that the possibility of default of the parties involved is remote. Accordingly, no value has been recognised in the consolidated statements of financial position.

FINANCIAL INFORMATION

INDEBTEDNESS

At the close of business on 30 April 2015, being the latest practicable date on which such information was available to us, our Group had an outstanding variable-rate bank borrowing of approximately HK\$4.7 million. The effective contractual interest rate was 3.5% per annum offered by the bank for the month ended 30 April 2015. The bank borrowing was secured by a personal guarantee of HK\$9 million provided by a director and a shareholder. Such personal guarantee will be released and replaced by a corporate guarantee provided by our Company upon Listing.

As at 30 April 2015, our Group had outstanding performance bonds (i) issued by our Group's banks of approximately HK\$14.5 million; and (ii) issued by an insurance institution of approximately HK\$3.3 million. The performance bonds are secured by (i) pledged bank deposits of approximately HK\$16.0 million; and (ii) deposit paid to an insurance institution of approximately HK\$3.3 million.

Save as disclosed above, our Group did not have, at the close of business on 30 April 2015, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirmed that (i) there has not been any material change in our indebtedness and contingent liabilities since 30 April 2015 and up to the Latest Practicable Date; (ii) the bank loans and bank facilities are subject to the standard banking conditions and covenants; (iii) our Group has complied with all of the covenants under our bank borrowings during the Track Record Period; (iv) our Group has not received any notice from the bank indicating that it might withdraw or downsize the bank loans and bank facility; and (v) our Group does not have any material external debt financing plans as at the Latest Practicable Date.

WORKING CAPITAL

Our Directors confirm that, taking into consideration the financial resources presently available to us, including bank borrowings and other internal resources, and the estimated net proceeds of the Share Offer, we have sufficient working capital for our present requirements for at least the next 12 months commencing on the date of this prospectus.

FINANCIAL INFORMATION

CAPITAL EXPENDITURE AND COMMITMENTS

Our capital expenditure primarily comprises purchase of plant and machinery, motor vehicles and office equipment. Our capital expenditure was principally funded by our internal resources during the Track Record Period. The following table sets forth our Group's capital expenditure during the Track Record Period:

	For the year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment			
Motor vehicles	612	250	341
Office equipment	<u>28</u>	<u>82</u>	<u>71</u>
	<u>640</u>	<u>332</u>	<u>412</u>

As at 31 March 2013, 2014 and 2015, our Group did not have any capital commitment.

CONTRACTUAL COMMITMENTS

Our Group as lessee

At the end of each of the reporting period, our Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of its leased properties which fall due as follows:

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	334	792	930
In the second to fifth years inclusive	<u>148</u>	<u>439</u>	<u>113</u>
	<u>482</u>	<u>1,231</u>	<u>1,043</u>

The leases are generally negotiated for a lease term of 2 years at fixed rentals.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

FINANCIAL INFORMATION

CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

The capital structure of our Group consists of cash and cash equivalents, net of bank borrowings and equity, comprising fully paid in capital and reserves. Our Group manages its capital to ensure that our Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure. Our Group's overall strategy remained unchanged throughout the Track Record Period.

Financial risk management

Our Group is exposed to currency risk, interest rate risk, other price risk, credit risk and liquidity risk in the normal course of business. Further details on our financial risk management policies and practices are set out in the sub-paragraph headed "Notes to the financial information — Financial instruments — Financial risk management objectives and policies" in Appendix I to this prospectus.

DIVIDEND POLICY

During the Track Record Period, subsidiaries of our Group declared dividends of nil, approximately HK\$32.8 million and HK\$7.4 million respectively. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment.

Dividends may be paid out by way of cash or by other means that we consider appropriate. Declaration and payment of any dividends would require the recommendation of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors our Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 12 November 2014. As at 31 March 2015, our Company had no distributable reserves available for distribution to our Shareholders.

PROPERTY INTERESTS

As at the Latest Practicable Date, no single property owned by us had a carrying value exceeding 15% of our total assets, the details of which are set out in the sub-section headed "Business — Properties" in this prospectus.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of our Group as if the Share Offer had taken place on 31 March 2015.

The statement of unaudited pro forma adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of our Group as at 31 March 2015 or any future date following the Share Offer.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of our Group is based on the audited consolidated net tangible assets of our Group as at 31 March 2015 as shown in the Accountants' Report on the financial information for each of the three years ended 31 March 2013, 2014 and 2015 of our Group (the "Accountants' Report"), the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of our Group as at 31 March 2015	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of our Group	Unaudited pro forma adjusted consolidated net tangible assets of our Group per Share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>
Based on a minimum Offer Price of HK\$0.50 per Share	<u>141,843</u>	<u>39,856</u>	<u>181,699</u>	<u>0.45</u>
Based on a maximum Offer Price of HK\$0.80 per Share	<u>141,843</u>	<u>68,956</u>	<u>210,799</u>	<u>0.53</u>

FINANCIAL INFORMATION

Notes:

- (1) The amount is calculated based on the audited consolidated net assets of our Group as at 31 March 2015 of HK\$141,843,000, which is extracted from the Accountants' Report of our Group set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 100,000,000 Shares to be issued at a minimum Offer Price of HK\$0.50 or a maximum Offer Price of HK\$0.80 per Share, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by our Group subsequent to 31 March 2015 and does not take into account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option, or any Shares which may be issued or repurchased pursuant to our Company's general mandate.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of our Group per Share is arrived at on the basis of 400,000,000 Shares in total, assuming that 399,990,000 Shares to be issued pursuant to the Share Offer and Capitalisation Issue had been completed on 31 March 2015. It is without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option, or any Shares which may be issued or repurchased pursuant to our Company's general mandate.
- (4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 31 March 2015.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that as at the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given 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 including certain connected transactions which will be continued after the Listing, details of which are set out in the section headed "Connected Transactions" in this prospectus and the paragraph headed "Notes to the financial information — Related party disclosures" in Appendix I to this prospectus. Our Directors confirm that these related party transactions were conducted on normal commercial terms and they would not distort our track record results or make our historical results not reflective of our future performance.

NO MATERIAL ADVERSE CHANGE

Save for the professional fees of approximately HK\$20.1 million estimated to be incurred in connection with the Listing, of which approximately HK\$6.7 million will be recorded in our profit or loss accounts for the year ending 31 March 2016, our Directors confirmed that there has been no material adverse change in the operation, financial or trading position or prospects of our Group since 31 March 2015 (being the date to which the latest audited consolidated financial statements of our Group were prepared) and up to the date of this prospectus, and there is no event since 31 March 2015 and up to the date of this prospectus which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer, Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo, Mrs. Vera Lo, Jade Vantage Holdings Limited, LOs Brothers (PTC) Limited will control more than 30% of our issued share capital, irrespective of whether the Offer Size Adjustment Option is exercised partially or fully, or at all. For the purpose of the Listing Rules, Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo, Mrs. Vera Lo, Jade Vantage Holdings Limited, LOs Brothers (PTC) Limited are our Controlling Shareholders. Each of our Controlling Shareholders confirms that he/she/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with our business.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

In the opinion of our Directors, our Group is capable of carrying on our businesses independently of, and does not place undue reliance on, the Controlling Shareholders, their respective close associates, taking into account the following factors:

Financial independence

Our Group has an independent financial system, and makes financial decisions according to our Group's own business needs. We have sufficient capital to operate our business independently, adequate internal resources and a strong credit profile to support our daily operations.

As at Latest Practicable Date, the trade related and non-trade related amounts due to, or from, our Controlling Shareholders, or companies controlled by them, had been fully settled, and guarantees provided to us by the Controlling Shareholders and their close associates will be released on or before the Listing Date.

Operational independence

We have established our own organisational structure comprised of individual departments, each with specific areas of responsibilities. Our Group has not shared its operational resources, such as suppliers, subcontractors, customers, marketing, sales and general administration resources, with the Controlling Shareholders and/or their close associates during the Track Record Period. Save as disclosed below, no services, premises and facilities have been provided by the Controlling Shareholders and/or their close associates to our Group during the Track Record Period.

Our Group has used an office unit owned by C&P (Holdings) Hong Kong Limited, which is a company owned as to 50% by Mrs. Savonne Lo, and as to 50% by Ms. Loh Sau Ling, the sister of Mr. YC Lo and Mr. Ronnie Lo, details of which are set out in the section headed "Connected transactions" in this prospectus.

During the Track Record Period, Equal Business Consulting Limited, a company wholly owned by Ms. Chan Wai Ying, the sister-in-law of Mr. YC Lo and Mr. Ronnie Lo and our non-executive Director, has provided accounting and tax consultancy service to our Group at a monthly fee of HK\$25,000. Such service was ceased on 31 August 2014.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Directors confirm that save as disclosed below, none of our Controlling Shareholders, and our Directors and their respective close associates, has any relationship with the suppliers, subcontractors and customers of our Group during the Track Record Period.

During the Track Record Period, our Group (as well as our Group's joint ventures) has engaged Concordia Engineering Limited ("Concordia") as a subcontractor for civil engineering works and associated works while Concordia in turn has allocated works to Peako or Concentric either through subcontracting arrangement or provision of management services (the "Subcontracting Arrangements with Concordia"). Ms. Loh Sau Ling, who is the sister of Mr. YC Lo and Mr. Ronnie Lo, was a director and a shareholder of Concordia having 50% interests in it. In November 2014, Ms. Loh Sau Ling disposed of all her interests in Concordia to an Independent Third Party. The Subcontracting Arrangements with Concordia were to facilitate Concordia to accumulate job references of civil engineering works. In addition, our Group has subcontracted certain minor works to Concordia. As a result of the above transactions with Concordia, our Group recorded a net expense to Concordia of approximately HK\$0.6 million, HK\$0.5 million and HK\$0.2 million respectively for the three years ended 31 March 2015 respectively.

As at the Latest Practicable Date, there is one outstanding civil engineering project in progress pursuant to which the Subcontracting Arrangements with Concordia is in place. Our Group will discontinue the transactions with Concordia upon completion of this project which is expected to be in January 2016. The net amount to be payable by our Group to Concordia pursuant to the Subcontracting Arrangements with Concordia for such a project in progress is estimated to be approximately HK\$0.3 million.

Independence of management

Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit, and in the best interests, of our Company, and does not allow any conflict to occur between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Three of the members of our Board are independent non-executive Directors who are either well-educated, and have extensive experience in different areas, or professionals, and they have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of Directors from different backgrounds provides a balance of views and opinions.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Furthermore, our Board's main function includes the provision of approval of the overall business plans and strategies of our Group, monitoring the implementation of these policies, and strategies and the management of our Company. Our Board acts collectively by majority decisions in accordance with the Articles and applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and are of the view that our Group is capable of managing its business independently from our Controlling Shareholders and their respective close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage any conflict of interest and to safeguard the interests of the Shareholders:

- (1) our independent non-executive Directors will review the compliance with the Deed of Non-competition (as defined below) by our Controlling Shareholders on an annual basis;
- (2) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (3) our Company will disclose decisions on issues reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of our Controlling Shareholders in our Company's annual reports;
- (4) our Controlling Shareholders will make a declaration on compliance with the Deed of Non-competition annually in the annual report of our Company; and
- (5) the Articles provide that a Director shall absent himself from participating in Board meetings (nor shall he be counted in the quorum) and voting on any resolution of the Board approving any contract and/or arrangement and/or other proposal in which he or any of his associates is materially interested unless a majority of the independent non-executive Directors expressly require him to attend.

Further, any transaction that is proposed between our Group and the Controlling Shareholders and/or their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

With the measures set out above, our Directors believe that the interest of the Shareholders will be protected.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

COMPETING INTEREST

The Controlling Shareholders and our Directors do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo, Mrs. Vera Lo, Jade Vantage Holdings Limited and LOs Brothers (PTC) Limited (each the "Covenantor", and collectively, the "Covenantors") entered into a deed of non-competition dated 3 June 2015 (the "Deed of Non-competition"), in favour of our Group, with an aim to avoid any possible future competition between our Group and each of the Covenantors. Pursuant to the Deed of Non-competition, each of the Covenantors has jointly and severally, irrevocably and unconditionally undertaken and covenanted with our Company (for itself and as trustee of our subsidiaries) that during the period that the Deed of Non-competition remains effective, he/she/it and his/her/its associates shall not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest in any business which competes with the existing business engaged by our Group from time to time, save for the holding of not more than 5% shareholding interest (individually or with his/her/its associates) in any company listed on a recognized stock exchange and he/she/it or his/her/its associates are not entitled to appoint a majority of the directors or management of that company.

Each of the Covenantors further undertakes that if he/she/it and/or his/her/its associates is aware of any project or new business opportunity that may compete with the business or our Group, he/she/it and/or his/her/its associates shall refer such project or new business opportunity to our Group for consideration.

Our Company will adopt the following procedures to monitor that the Deed of Non-competition is being observed:

- (a) our independent non-executive Directors shall review, on an annual basis, the above undertakings from the Covenantors, and to evaluate the effective implementation of the Deed of Non-competition; and
- (b) each of the Covenantors shall further undertake and covenant with our Company that:
 - (i) for so long as the Deed of Non-competition remains in effect, he/she/it will promptly provide our Company such information as our Company may from time to time reasonably request to ascertain compliance by the Covenantors of their obligations under the Deed of Non-competition; and
 - (ii) if requested by our Company, he/she/it will issue a letter to our Company, confirming his/her/its full compliance with the relevant terms of the Deed of Non-competition, and consenting our Company's disclosure of the contents of such letter in the annual report of our Company, and/or such other documents as otherwise published by our Company.

The Deed of Non-competition are conditional on, and take effect upon, the Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Deed of Non-competition shall terminate on the earliest date on which (i) our Company becomes wholly-owned by the Covenantors, and/or their respective associates (whether individually or collectively); or (ii) the securities of our Company cease to be listed on the Stock Exchange, or any other stock exchange recognised under the SFO.

CONNECTED TRANSACTIONS

We have entered into the following transactions with our connected persons (as defined under the Listing Rules) which will continue following the Listing. Although these transactions shall constitute continuing connected transactions under the Listing Rules upon Listing, they are fully exempted from the reporting, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Employment contract with Ms. Loh Sau Ling

Ms. Loh Sau Ling is the younger sister of Mr. YC Lo and Mr. Ronnie Lo, and, therefore, a connected person of our Company under the Listing Rules.

On 28 November 2014, Ms. Loh Sau Ling entered into a written employment contract (the "Employment Contract") with Concentric, pursuant to the terms of which Ms. Loh Sau Ling was employed by Concentric as its administrative manager. We expect Ms. Loh Sau Ling will continue to be employed by Concentric at the same position upon, and following, the Listing. Our Directors estimate that the annual salary payable to Ms. Loh Sau Ling will not exceed HK\$1,000,000, HK\$1,100,000 and HK\$1,200,000 for each of the years ending 31 March 2016, 31 March 2017 and 31 March 2018 respectively, as determined by our Directors with reference to the contractual amount payable to Ms. Loh Sau Ling under the Employment Contract, and the expected increase in her salary during the relevant period.

Since the applicable percentage ratios (other than the profits ratio) for this transaction are less than 5% with annual aggregated values below HK\$3,000,000, the transaction constitutes a *de minimis* continuing connected transaction, which is exempted from the reporting, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules.

Tenancy agreement with C&P (Holdings) Hong Kong Limited

C&P (Holdings) Hong Kong Limited (which is owned as to 50% by Mrs. Savonne Lo, and as to 50% by Ms. Loh Sau Ling) is an associate of Mrs. Savonne Lo and Ms. Loh Sau Ling under the Listing Rules, and, therefore, a connected person of our Company as defined under the Listing Rules.

On 18 November 2014, Concentric and C&P (Holdings) Hong Kong Limited entered into a written tenancy agreement (the "Tenancy Agreement"), pursuant to which Concentric agreed to rent from C&P (Holdings) Hong Kong Limited the office situated at Unit C, 10th Floor, Skyline Tower, 14–18 Tong Mi Road, Mongkok, Kowloon, Hong Kong, for a term of two years commencing on 18 November 2014 at a monthly rent of HK\$13,000.

The rental rate under the Tenancy Agreement was determined by making reference to market rental rates adopted for neighboring properties.

Since the applicable percentage ratios (other than the profits ratio) for this transaction are less than 5% with annual aggregated values below HK\$3,000,000, the transaction constitutes a *de minimis* continuing connected transaction, which is exempted from the reporting, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Our Directors (including our independent non-executive Directors) have confirmed that the terms of the Employment Contract, and the Tenancy Agreement, were entered into, and conducted, on normal commercial terms or better, and in the interests of our Company and Shareholders as a whole.

SHARE CAPITAL

SHARE CAPITAL

Assuming the Offer Size Adjustment Option is not exercised at all, and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, our issued share capital immediately following the Share Offer will be as follows:

<i>Authorised share capital</i>	<i>HK\$</i>
200,000,000,000 Shares	2,000,000,000
<i>Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:</i>	
	<i>HK\$</i>
10,000 Share in issue at the date of this prospectus	100
299,990,000 Shares to be issued pursuant to the Capitalisation Issue	2,999,900
<u>100,000,000</u> Shares to be issued pursuant to the Share Offer	<u>1,000,000</u>
<i>Total</i>	
<u>400,000,000</u> Shares	<u>4,000,000</u>

Assuming the Offer Size Adjustment Option is exercised in full, and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, our issued share capital immediately following the Share Offer will be as follows:

<i>Authorised share capital</i>	<i>HK\$</i>
200,000,000,000 Shares	2,000,000,000
<i>Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:</i>	
	<i>HK\$</i>
10,000 Share in issue at the date of this prospectus	100
299,990,000 Shares to be issued pursuant to the Capitalisation Issue	2,999,900
100,000,000 Shares to be issued pursuant to the Share Offer	1,000,000
15,000,000 Shares to be issued upon exercise of the Offer Size Adjustment Option in full	150,000
<u>415,000,000</u> Shares	<u>4,150,000</u>
<i>Total</i>	
<u>415,000,000</u> Shares	<u>4,150,000</u>

SHARE CAPITAL

RANKING

The Offer Shares will rank *pari passu* in all respects with all the Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of Listing other than participation in the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the written resolutions of our sole Shareholder passed on 3 June 2015, conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of HK\$2,999,900 standing to the credit of the share premium account of our Company and to appropriate such amount as to capital to pay up in full at par 299,990,000 Shares for allotment and issue to the persons whose names appear on the principal register of members of our Company at the close of business on 3 June 2015 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company, each ranking *pari passu* in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in section headed “Structure and Conditions of the Share Offer” in this prospectus, a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than by way of rights or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted in lieu of the whole or part of a dividend on our Shares in accordance with the Articles or pursuant to a specific authority granted by our Shareholders or pursuant to the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares and to make or grant offers, agreements and options which might require the exercise of such power, with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; and
- (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

Further details of this general mandate are set out to the paragraph headed “Further Information about our Company — Written resolutions of our sole Shareholder passed on 3 June 2015” in Appendix IV to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASER SHARES

Conditional on conditions as stated in section headed “Structure and Conditions of the Share Offer” in this prospectus, a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate of the nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; and
- (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

Further details of this general mandate are set out in the paragraph headed “Further Information about our Company — Written resolutions of our sole Shareholder passed on 3 June 2015” in Appendix IV to this prospectus.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the sub-section headed “Share Option Scheme” as set out in Appendix IV to this prospectus.

Our Group does not have any outstanding share options, warrants, convertible instruments, pre-IPO share options or similar rights convertible into the Shares as at the Latest Practicable Date.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

As at the date of this prospectus, details of the respective shareholding of our substantial Shareholders in our Company are as follows:

Name	Nature of Interest and capacity	No. of Shares held	Approximate percentage of shareholding
Mr. Ronnie Lo ⁽¹⁾	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	10,000	100%
Mrs. Savonne Lo ⁽¹⁾	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	10,000	100%
Mr. YC Lo ⁽¹⁾	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	10,000	100%
Mrs. Vera Lo ⁽¹⁾	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	10,000	100%
LOs Brothers (PTC) Limited ⁽²⁾	Interest in a controlled corporation	10,000	100%
Jade Vantage Holdings Limited	Beneficial owner	10,000	100%

Notes:

(1) Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo and Mrs. Vera Lo are the co-founders of the Los Family Trust, which holds 100% of the issued share capital of Jade Vantage Holdings Limited.

(2) LOs Brothers (PTC) Limited, as trustee of the Los Family Trust, was established by Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo and Mrs. Vera Lo as co-settlers, and holds 100% of the issued share capital of Jade Vantage Holdings Limited.

So far as our Directors are aware, immediately following the completion of Share Offer and the Capitalisation Issue (not taking into account any exercise of the Offer Size Adjustment Option), the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Group:

Name	Nature of interest and capacity	Number of Shares held after the Share Offer and the Capitalisation Issue	Approximate percentage of issued Shares immediately after the Share Offer and the Capitalisation Issue
Mr. Ronnie Lo ⁽¹⁾	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%

SUBSTANTIAL SHAREHOLDERS

Name	Nature of interest and capacity	Number of Shares held after the Share Offer and the Capitalisation Issue	Approximate percentage of issued Shares immediately after the Share Offer and the Capitalisation Issue
Mrs. Savonne Lo ⁽¹⁾	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%
Mr. YC Lo ⁽¹⁾	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%
Mrs. Vera Lo ⁽¹⁾	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%
LOs Brothers (PTC) Limited ⁽²⁾	Interest in a controlled corporation	300,000,000	75%
Jade Vantage Holdings Limited	Beneficial owner	300,000,000	75%

Notes:

- (1) The 300,000,000 Shares are held by Jade Vantage Holdings Limited. Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo and Mrs. Vera Lo are the co-founders of the Los Family Trust, which LOs Brothers (PTC) Limited as trustee holds 100% of the issued share capital of Jade Vantage Holdings Limited. By virtue of the SFO, Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo and Mrs. Vera Lo are deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.
- (2) LOs Brothers (PTC) Limited, as trustee of the Los Family Trust, holds 100% of the issued share capital of Jade Vantage Holdings Limited. The Los Family Trust is a discretionary trust established by Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo and Mrs. Vera Lo as co-settlors and LOs Brothers (PTC) Limited as trustee. The discretionary beneficiaries of the Los Family Trust are Mr. Ronnie Lo, Mrs. Savonne Lo, Mr. YC Lo, Mrs. Vera Lo and their family members. By virtue of the SFO, the trustee is deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.

Save as disclosed in this section, our Directors are not aware of any persons who, immediately following completion of the Share Offer and the Capitalisation Issue, without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the Share Option Scheme, will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Group, and are, therefore, regarded as substantial shareholders under the Listing Rules.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently comprises six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. The table below sets out the information regarding our Directors:

Name	Age	Position	Date of appointment as Director	Responsibilities	Relationship with other Directors or senior management
Mr. YC Lo	62	Executive Director and chairman of the Board	12 November 2014	Financial and operational responsibilities of our Group; Joint responsibility of formulation of business development strategies of our Group	Elder brother of Mr. Ronnie Lo, brother-in-law of Ms. Chan Wai Ying
Mr. Ronnie Lo	59	Executive Director	12 November 2014	Operations and business development of Peako; Joint responsibility of formulation of business development strategies of our Group	Younger brother of Mr. YC Lo, brother-in-law of Ms. Chan Wai Ying
Ms. Chan Wai Ying	50	Non-executive Director	2 January 2015	Adviser of the Board on internal control and financial management	Sister-in-law of Mr. YC Lo and Mr. Ronnie Lo
Mr. Leung Wai Tat Henry	66	Independent non-executive Director	3 June 2015	Chairman of the audit committee, and a member of the remuneration committee and the nomination committee	No
Professor Lo Man Chi	49	Independent non-executive Director	3 June 2015	A member of the audit committee, the remuneration committee and the nomination committee	No
Ms. Chau Wai Yung	30	Independent non-executive Director	3 June 2015	Chairman of the remuneration committee, and a member of the audit committee and the nomination committee	No

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. YC Lo (盧源昌), aged 62, is our executive Director. He is the brother of Mr. Ronnie Lo, the spouse of Mrs. Vera Lo, and the brother-in-law of Mrs. Savonne Lo and Ms. Chan Wai Ying. He was appointed as Director on 12 November 2014 and designated as executive Director and chairman of the Board on 2 January 2015. Mr. YC Lo is responsible for the financial and operational aspects of our Group, and is jointly responsible for the formulation of business development strategies of our Group. He is the co-founder of Concentric, which was established in September 1999.

Mr. YC Lo has over 34 years of experience in working in the civil engineering industry. Prior to joining our Group, he was manager of the civil engineering department of China Harbour Engineering Company for the period from January 1990 to March 1994 and proved his sound knowledge of technical engineering and commercial management. He also has experience in working in solid waste disposal projects and construction programmes within a marine environment. Besides, Mr. YC Lo acted as engineering expert witnessing a number of arbitrations of construction disputes in Hong Kong.

Mr. YC Lo was qualified as a Chartered Engineer registered with The Engineering Council of the United Kingdom in September 1987, and a Registered Professional Engineer (RPE) with Engineers Registration Board of Hong Kong in September 2001. He was also admitted as a member (MICE) of The Institution of Civil Engineers of the United Kingdom in December 1984, and a member (MHKIE) of The Hong Kong Institution of Engineers in April 1986.

Mr. YC Lo obtained a Master degree of Engineering (MEng) from The University of Sheffield in December 1979, and a Master degree of Arts (MA) from The University of Oklahoma in May 1998.

Mr. YC Lo has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the past three years.

Mr. Ronnie Lo (盧奕昌), aged 59, is our executive Director. He is the brother of Mr. YC Lo, the spouse of Mrs. Savonne Lo, and the brother-in-law of Mrs. Vera Lo and Ms. Chan Wai Ying. He was appointed as Director on 12 November 2014 and designated as executive Director on 2 January 2015. Mr. Ronnie Lo is responsible for the operations and business development of Peako, and is jointly responsible for the formulation of business development strategies of our Group. He helped establish Peako in 1995.

Mr. Ronnie Lo has over 33 years of experience in working in the engineering industry. Prior to joining our Group, he worked as engineering manager — Yantian for Hongkong International Terminals Limited (the then container terminal operations group of Hutchison Whampoa Limited). From May 1990 to June 1994, he worked successively as chief engineer, manager-projects of terminal operations/engineering/marketing & operations department at Caltex Oil Hong Kong Limited. From January 1989 to July 1989, he was employed by Jing Guang New World Hotel, Beijing as chief engineer. From July 1989 to April 1990, he was employed by Island Shangri-La Hotel as chief engineer and was instrumental in helping the management team in preparing the engineering department for the hotel. During the period from February 1987 to December 1988, he was employed by Hotel Nikko Longbai Shanghai as manager of engineering department and was highly responsible in constructing the hotel's facilities, such as the mechanical and electricity systems. Besides, Mr. Ronnie Lo researched and developed three utility model patents in relation to biomass gas (生物質燃氣).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ronnie Lo was qualified as a Chartered Engineer of The Engineering Council of the United Kingdom in November 1986, and a Registered Professional Engineer (RPE) with Engineers Registration Board of Hong Kong in December 1997. He was also admitted as a member of The Institute of Marine Engineers of the United Kingdom (MIMarE) in November 1986, and a member of The Hong Kong Institution of Engineers (MHKIE) in May 1990.

Mr. Ronnie Lo obtained a diploma in Marine Engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1976, a degree of Bachelor of Engineering with First Class Honours in Mechanical Engineering from University of Newcastle Upon Tyne in the United Kingdom in June 1986, and a Master degree of Business Administration from University of Leicester in the United Kingdom in July 1995. He attained a certificate of competency (Marine Engineer Officer), class 1 (Steamship and Motorship) at the Department of Transport in the United Kingdom in September 1985.

Mr. Ronnie Lo has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the past three years.

Non-executive Directors

Ms. Chan Wai Ying (陳惠英), aged 50, was appointed as our non-executive Director on 2 January 2015. She advises the Board on internal control and financial management. She is the sister-in-law of Mr. YC Lo and Mr. Ronnie Lo.

She attained a Post-Experience Certificate in Accountancy from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1993. She was admitted as a fellow of the Association of Chartered Certified Accountants of the United Kingdom in March 2004. She was also admitted as an associate of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) in May 1999. During the Track Record Period, Ms. Chan Wai Ying was interested in Equal Business Consulting Limited (trading as C&L Accounting Services) which provided accounting and tax consultancy service to our Group. Such service was ceased on 31 August 2014.

Ms. Chan Wai Ying has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the past three years.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Leung Wai Tat Henry (梁威達), aged 66, was appointed as our independent non-executive Director on 3 June 2015. He has over 40 years of experience working in the engineering industry. He had worked with the Government as structural engineer from May 1980 to December 1982. He also had six years of experience working in Australia. From March 1984 to June 1986, he worked with Macdonald Wagner Pty Limited and was promoted to the position of senior engineer. From June 1986 to May 1989, he worked with Transfield Construction Pty Limited as a structured engineer. He was employed by Jacobs China Limited for the period from September 1990 to March 2005. His last position was managing director.

Mr. Leung graduated with a Bachelor degree of Science in Engineering from The University of Hong Kong in November 1973 and a Master degree of Engineering Science from The University of Sydney, Australia in May 1984. He was admitted as a member of The Institution of Civil Engineers of the United Kingdom in December 1976, a fellow of The Hong Kong Institution of Engineers in September 1994, a fellow of The Institution of Structural Engineers of the United Kingdom in June 1999. He is also a Registered Professional Engineer with Engineers Registration Board of Hong Kong.

Mr. Leung has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the past three years.

Professor Lo Man Chi (勞敏慈), aged 49, was appointed as our independent non-executive Director on 3 June 2015. She has joined The Hong Kong University of Science and Technology since 1992, and is currently a professor in the Department of Civil and Environmental Engineering. She has extensive research and practical experience in the field of civil and environmental engineering, and produced various academic publications.

Professor Lo was nominated as an active member of class VI — Technical and Environmental Sciences of the European Academy of Sciences and Arts in July 2014. She was admitted as a fellow of The Hong Kong Institution of Engineers (HKIE) in September 2009 and a fellow of American Society of Civil Engineers in July 2009. She is currently the chairperson of the Environmental Division of the HKIE. She obtained a Bachelor of Science degree in Engineering from National Taiwan University in June 1988, as well as a Master of Science degree in Engineering, and a Doctor of Philosophy degree from The University of Texas at Austin in May 1990 and August 1992, respectively.

Professor Lo has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the past three years.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Chau Wai Yung (周懷蓉), aged 30, was appointed as our independent non-executive Director on 3 June 2015. She was admitted as a member of Hong Kong Institute of Certified Public Accountants in January 2010, and has worked as an accountant with Deloitte Touche Tohmatsu for more than 4 years. Thereafter, she joined the corporate recovery & forensic services department of Mazars CPA Limited from March 2011 to September 2012. She is currently a project manager consultant with Vieste Investments Limited.

Ms. Chau graduated with a Bachelor degree of Social Sciences with first class honours from The Chinese University of Hong Kong in May 2006. She also obtained a postgraduate certificate in professional accounting from City University of Hong Kong in summer 2006.

Ms. Chau has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the past three years.

SENIOR MANAGEMENT

Mr. Chiu Kwok Ming (趙國明), aged 51, joined Peako and Concentric as site agent in May 2001, and was appointed as senior project manager in 2007, and has further been appointed as the assistant general manager (estimating, procurement, health & safety, and quality assurance) since 2012. He leads our Group's tendering department, and assumes the responsibility for our Group's quality assurance affairs, together with our Group's health and safety, and environmental management.

He obtained a Bachelor degree of Science and Engineering from Chu Hai College (now known as Chu Hai College of Higher Education) in July 1985. He further obtained a Professional Development Diploma in Quality Management from School of Continuing Education of Hong Kong Baptist University in August 2001, and was trained as lead auditor for implementing and monitoring quality assurance systems of our Group. He has over 29 years' of experience working in the civil engineering industry.

Mr. Lam Chun Pan (林鎮濱), aged 40, joined Peako and Concentric as engineer in June 2000, and was appointed as project manager and senior project manager in 2007 and 2009 respectively. He has further been appointed as the assistant general manager (operation and service) since 2012. He carries out the operational responsibility for our Group's construction and services operations.

He graduated with a Bachelor degree of Engineering in Civil and Structural Engineering from The Hong Kong University of Science and Technology in November 1996. He was admitted as a member of The Hong Kong Institution of Engineers in March 2009.

Mr. Wan Ho Yin (溫浩然), aged 37, joined our Group in September 2014 as financial manager. He is responsible for our Group's financial affairs, engaging and overseeing all aspects of the corporate financial activities, internal control, treasury, and investors' relation of our Group.

He graduated with a Bachelor degree of Business Administration in Accounting from Hong Kong Baptist University in December 1999. He was admitted as a member of the Association of Chartered Certified Accountants in June 2003. He was also admitted as an associate of Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) in May 2003. He worked in Ernst & Young from December 2000 to September 2004 and was promoted to the position of senior accountant. Mr. Wan was served as an accountant within the finance and accounts department

DIRECTORS AND SENIOR MANAGEMENT

from August 2004 to October 2005 with Asia Standard International Group Limited. From October 2005 to April 2006, he was employed as senior accountant by Denox Management Limited. Prior to joining our Group, he worked as senior manager with audit department of Deloitte Touche Tohmatsu.

Mr. Lam Tat Shing (林達成), aged 37, joined Peako and Concentric as site agent in August 2009 and was appointed as project manager in 2012. He has further been appointed as senior project manager in the same year. He is responsible for site operation and management of civil and marine projects.

He graduated with a Bachelor degree of Engineering in Civil and Structural Engineering from The University of Hong Kong in December 1999, and a Bachelor of Arts degree in Philosophy from University of London (part-time) in August 2011. He was admitted as a member of The Institution of Engineers, Australia in September 2003. He was also admitted as a member of The Hong Kong Institution of Engineers in December 2004. He worked with Civil Engineering and Development Department of Hong Kong from 2002 to 2005 and was promoted to the position of engineer. He had worked in Mexico as project engineer with China Harbour Engineering Company Limited in 2005. He also has experience of port works and fill management.

COMPANY SECRETARY

Our financial manager, **Mr. Wan Ho Yin** (溫浩然), is our company secretary. Biographical details of Mr. Wan are set out in the paragraph headed “Senior Management” of this section.

BOARD COMMITTEE

Audit Committee

An audit committee was established on 3 June 2015 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of our Group.

The audit committee consists of our three independent non-executive Directors, namely, Mr. Leung Wai Tat Henry, Professor Lo Man Chi, and Ms. Chau Wai Yung, and Ms. Chan Wai Ying. Mr. Leung Wai Tat Henry is the chairman of the audit committee.

Remuneration Committee

A remuneration committee was established on 3 June 2015 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review the remuneration packages, bonuses and other compensation payable to our Directors, and to provide recommendations to our Board in relation thereto.

The members of the remuneration committee are Mr. YC Lo and our three independent non-executive Directors, namely, Mr. Leung Wai Tat Henry, Professor Lo Man Chi, and Ms. Chau Wai Yung. Ms. Chau Wai Yung is the chairman of the remuneration committee.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

A nomination committee was established on 3 June 2015 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of Directors.

The members of the nomination committee are Mr. YC Lo, Mr. Ronnie Lo and our three independent non-executive Directors, namely, Mr. Leung Wai Tat Henry, Professor Lo Man Chi, and Ms. Chau Wai Yung. Mr. YC Lo is the chairman of the nomination committee.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to the written resolutions of the sole Shareholder of our Company passed on 3 June 2015. The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. Our Directors consider the Share Option Scheme, with its broad basis of participation, will enable us to reward our employees, our Directors and other selected participants for their contributions to us. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. A summary of the principal terms of the Share Option Scheme are set out in the sub-section headed “Share Option Scheme” in Appendix of IV to this prospectus.

REMUNERATION AND COMPENSATION FOR DIRECTORS

The aggregate amount of fees, salaries, bonuses, housing allowances, other allowances, benefits in kind and contributions to pension schemes paid to our Directors by us in respect of the years ended 31 March 2013, 31 March 2014 and 31 March 2015 were approximately HK\$2.5 million, HK\$1.1 million and HK\$4.4 million respectively.

During the Track Record Period, no remuneration as an inducement to join, or upon joining, our Group, or compensation for loss of office, was paid by our Group to our Directors. No Director has waived any emoluments during the Track Record Period.

Of the five individuals with the highest emoluments in our Group, one of them is a Director for the years ended 31 March 2013 and 31 March 2014, and two of them are Directors for the year ended 31 March 2015. The emoluments in respect of the remaining four individuals for the years ended 31 March 2013 and 31 March 2014, and the remaining three individuals for the year ended 31 March 2015 were approximately HK\$4.4 million, HK\$4.5 million and HK\$3.9 million respectively.

During the Track Record Period, no remuneration as an inducement to join, or upon joining, our Group, or compensation for loss of office was paid by our Group to the five highest paid individuals.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

We have appointed Ample Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares pursuant to Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of Listing Rules and the compliance adviser agreement entered into between the compliance adviser and our Company, the compliance adviser will, among other things:

1. ensure our Company is properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines;
2. accompany our Company to any meetings with the Stock Exchange, unless otherwise requested by the Stock Exchange;
3. in relation to any application by our Company for a waiver from any of the requirements in Chapter 14A of the Listing Rules, advise our Company on our obligations and in particular the requirement to appoint an independent financial adviser; and
4. assess the understanding of all new appointees to the Board regarding the nature of their responsibilities and fiduciary duties as a director of a listed issuer, and, if any inadequacies identified, recommend necessary remedial steps to our Directors.

Term

The term of the appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

DIRECTORS AND SENIOR MANAGEMENT

Duties of our Company

Our Company shall fully comply with and discharge our responsibilities under the Listing Rules and other applicable laws, regulations and codes relating to securities and corporate governance that are applicable to our Company.

During the term, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the circumstances as required under Rule 3A.23 of the Listing Rules.

Termination

Our Company may terminate the compliance adviser's role only if the compliance adviser's work is of an unacceptable standard or if there is material dispute (which cannot be resolved within 30 days) over fees payable by our Company to the compliance adviser.

The compliance adviser shall have the right to terminate its appointment as the compliance adviser under the compliance adviser's agreement at any time without compensation being payable to our Company by giving not less than one (1) month written notice to our Company.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

The sub-section headed “Business — Business strategies and prospects” in this prospectus sets out a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds from the Share Offer will strengthen our capital base and will provide funding for achieving our business strategies and carrying out our future plans as set out in the sub-section headed “Business — Business strategies and prospects” in this prospectus. As discussed in the section headed “Laws and regulations” in this prospectus, there is a minimum requirement on our employed capital and working capital for undertaking projects in the public sector in Hong Kong and being on the Approved Contractors List. We are also required by our customer to provide retention money which generally represents 5% of the total contract sum according to the project terms. It is therefore beneficial to our Group to strengthen its capital base through raising funds under the Share Offer so that our Group will be able to tender for more projects with larger contract sums after the Listing.

The table below sets out the estimated net proceeds of the Share Offer which we will receive after deduction of the underwriting fees and commissions and other estimated expenses in connection with the Share Offer:

	Assuming the Offer Size Adjustment Option is not exercised	Assuming the Offer Size Adjustment Option is exercised in full
If the Offer Price is fixed at HK\$0.65 per Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK\$44.9 million	Approximately HK\$54.4 million
If the Offer Price is fixed at HK\$0.80 per Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK\$59.4 million	Approximately HK\$71.1 million
If the Offer Price is fixed at HK\$0.50 per Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK\$30.4 million	Approximately HK\$37.6 million

FUTURE PLANS AND USE OF PROCEEDS

We intend to apply the net proceeds to us from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and assuming that the Offer Size Adjustment Option is not exercised at all and an Offer Price of HK\$0.65, being the mid-point of the Offer Price range, of approximately HK\$44.9 million as follows:

- approximately HK\$26.9 million or approximately 60% of the net proceeds for the acquisition of additional machinery and equipment, such as lifting cranes, trucks and marine working vessels, to optimise the construction efficiency as well as minimising machinery rental costs and cope with our expected business growth;
- approximately HK\$11.2 million or approximately 25% of the net proceeds for the hiring of five additional staff which will cover their remuneration for the next four years, including two project management staff (comprising project manager and engineer) and three machinery operators to be hired, as well as to increase our capacity;
- approximately HK\$2.3 million or approximately 5% of the net proceeds for the upgrade of our information technology system and software; and
- approximately HK\$4.5 million or approximately 10% of the net proceeds will be used as general working capital of our Group.

In the event that the Offer Price is set at the high-end of the proposed Offer Price range, our Company will receive additional net proceeds of the Share Offer of approximately HK\$14.5 million when compared to the net proceeds receivable by our Company with the Offer Price being determined at the mid-point of the range as stated in this prospectus, which will be used in the same proportions as set out above.

In the event that the Offer Price is set at the low-end of the proposed Offer Price range, the net proceeds of the Share Offer will decrease by approximately HK\$14.5 million when compared to the net proceeds receivable by our Company with the Offer Price being determined at the mid-point of the range as stated in this prospectus. Under such circumstances, our Company intends to reduce its allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Offer Size Adjustment Option is exercised in full, we estimate that we would receive additional net proceeds of approximately HK\$9.5 million, assuming an Offer Price of HK\$0.65 per Share, being the mid-point of the Offer Price range stated in this prospectus. The additional net proceeds received from the exercise of the Offer Size Adjustment Option will be applied pro rata to the above mentioned purposes. If the Offer Size Adjustment Option is exercised at the higher or lower end of the Offer Price range stated in this prospectus, we will adjust our allocation of the net proceeds for the above mentioned purposes on a pro rata basis.

To the extent that the net proceeds of the Share Offer are not immediately applied to the above purposes, it is our present intention that such net proceeds will be deposited into interest-bearing bank accounts with licensed banks and/or financial institutions in Hong Kong.

UNDERWRITING

UNDERWRITERS

Placing Underwriter

Ample Orient Capital Limited
Unit A, 14/F
Two Chinachem Plaza
135 Des Voeux Road Central
Central
Hong Kong

Public Offer Underwriter

Ample Orient Capital Limited
Unit A, 14/F
Two Chinachem Plaza
135 Des Voeux Road Central
Central
Hong Kong

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription of 10,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Lead Manager has agreed on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, but without limitation, the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriter to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Lead Manager may in its absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date (the “Termination Time”) if:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any change or prospective change (whether or not permanent) in the business or in the business or in the financial or trading position of our Group; or

UNDERWRITING

- (b) any change or development involving a prospective change or development, or any event or series of event resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, BVI, Cayman Islands or any other jurisdictions where any member of our Group is incorporated or operates (collectively, the “Relevant Jurisdictions”); or
- (c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
- (d) any new laws or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
- (e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or
- (f) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or
- (g) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, Controlling Shareholders and executive Directors under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or
- (h) (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (i) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or
- (j) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

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- (k) any change or development involving a prospective change, or a materialisation of any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (l) any change in the system under which the value of the Hong Kong dollar is linked to that of the U.S. dollar or a material devaluation of Hong Kong dollar against any foreign currency; or
- (m) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (n) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or
- (o) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or
- (p) non-compliance of any of this prospectus or any aspect of the Share Offer with the Listing Rules or any other applicable laws; or
- (q) an order or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto in respect of any member of our Group; or
- (r) any loss or damage sustained by any member of our Group; or
- (s) save as disclosed in this prospectus, any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group; or
- (t) a Director being charged with an indictable offence or prohibited by the operation of law or is otherwise disqualified from taking part in the management of a company; or
- (u) the chairman or president of our Company vacating his office; or
- (v) the commencement by any governmental, regulatory or judicial body or organisation of any action against a Director or an announcement by any governmental, regulatory or judicial body or organisation that it intends to take any such action; or
- (w) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a material breach of any other provisions thereof;

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which in the sole and absolute opinion of the Lead Manager:

- (a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Group taken as a whole; or
 - (b) has or will or may have a material adverse effect on the success of the Public Offer, the Placing and/or the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
 - (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer, the Placing and/or the Share Offer to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Public Offer, the Placing and/or the Share Offer on the terms and in the manner contemplated in this prospectus; or
- (ii) the Public Offer Underwriter shall become aware of the fact that, or have cause to believe that:
- (a) any of the warranties given by our Company, Controlling Shareholders and executive Directors under the Public Offer Underwriting Agreement or pursuant to the Placing Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by the Lead Manager (in its sole and absolute discretion), or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect;
 - (b) any statement contained in this prospectus or the Application Forms was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if this prospectus were to be issued at that time, constitute a material omission therefrom as determined by the Sponsor (in its sole and absolute discretion), or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus and/or any announcements issued by our Company in connection with the Public Offer (including any supplemental or amendment thereto) are not, in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (c) there has been a material breach on the part of any of our Company, Controlling Shareholders and executive Directors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement as determined by the Lead Manager (in its sole and absolute discretion).

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Lock-up undertakings to the Public Offer Underwriter

Underwriter Undertakings by our Company

Our Company has undertaken to the Sponsor and the Lead Manager that our Company shall, and each of our Controlling Shareholders have undertaken to the Sponsor and the Lead Manager to procure our Company that:

- (a) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription rights attaching to the Offer Size Adjustment Option or share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, not without the prior written consent of the Sponsor and the Lead Manager, and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the “First Six- month Period”);
- (b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of the subscription rights attaching to the Offer Size Adjustment Option or share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules or under Note (2) to Rule 10.07 of the Listing Rules;
- (c) not at any time within the period of six months immediately following the expiry of the First Six-month Period (the “Second Six-month Period”) do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules);

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- (d) in the event that our Company does any of the acts set out in clause (a) or (b) after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company's ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that subsidiary ceasing to be a subsidiary of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has represented, warranted and undertaken to the Sponsor, the Lead Manager and our Company that:

- (a) he or it shall not, without the prior written consent of the Sponsor and the Lead Manager (for itself and on behalf of the Public Offer Underwriter), directly or indirectly, and shall procure that none of his or its close associates (as defined in the Listing Rules) or companies controlled by him or it or any nominee or trustee holding in trust for him or it shall, during the First Six month Period, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest therein or any of the voting or other rights attaching thereto); or
- (b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities, at any time during the First Six-month Period, save as provided under notes (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the Second Six-month Period, (1) such disposal shall not result in any of our Controlling Shareholders ceasing to be our controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second Six-month Period; and (2) he or it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

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Without prejudice to our Controlling Shareholders' undertaking above, each of the Controlling Shareholders undertakes to the Sponsor, the Lead Manager and our Company that within the First Six-month Period and the Second Six-month Period he or it shall:

- (a) if and when he or it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company beneficially owned by him or it (or any beneficial interest therein), immediately inform our Company, the Sponsor and the Lead Manager in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and
- (b) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities in our Company (or any beneficial interest therein) pledged or charged by him or it will be disposed of, immediately inform our Company, the Sponsor and the Lead Manager in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

Lock-up undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer and the Offer Size Adjustment Option or unless in compliance with the requirements of the Listing Rules, it or he shall not, and shall procure that the relevant registered holder(s) shall not, (i) at any time during the period commencing on the date by reference to which disclosure of its or his shareholding in our Company is made in the prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or other securities of our Company in respect of which it or he is shown by this prospectus to be the beneficial owner; and (ii) at any time during the period of six months from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be our Controlling Shareholder.

Our Controlling Shareholders have further undertaken to us and the Stock Exchange that it or he will, within a period of commencing on the date by reference to which disclosure of its or his shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

- (a) any pledges or charges of any Shares (or other securities) of our Company beneficially owned by any of our Controlling Shareholders in favor of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, and the number of such Shares or other securities of our Company so pledged or charged; and

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- (b) when it or he or the relevant requested holders receive indication, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company have undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer (including the exercise of the Offer Size Adjustment Option) and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the grant of options and the issue of Shares pursuant to the Share Option Scheme.

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company and Controlling Shareholders will enter into the Placing Underwriting Agreement with the Sponsor, the Lead Manager, the Placing Underwriter and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriter is expected to procure subscribers and purchasers to subscribe for or purchase, or failing which it shall subscribe for or purchase, the 90,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Underwriting — Underwriting arrangements and expenses — Lock-up undertakings to the Public Offer Underwriter” above in this section.

Our Company is expected to grant to the Placing Underwriter the Offer Size Adjustment Option exercisable by the Lead Manager or its agent, on behalf of the Placing Underwriter, at any time before 5:00 p.m. on the business day before the date of announcement of the results of application and the basis of the Public Offer Shares or otherwise it will lapse, to require our Company to allot and issue up to an aggregate of 15,000,000 additional Shares, representing 15% of the Offer Shares, at the Offer Price per Offer Share under Placing, solely to cover over allocations, if any, in the Placing.

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Commission and expenses

The Underwriters will receive underwriting commissions of 3.0% of the aggregate Offer Price payable for the Placing Shares and 3.0% of the aggregate offer Price payable for the Public Offer Shares in accordance with the terms of the Underwriting Agreements, out of which the Underwriters may pay any sub-underwriting commission in connection with the Share Offer. Based on the Offer Price of HK\$0.65 per Offer Share (being the mid-point of the indicative range of the Offer Price), the aggregate commission and fees payable to the Underwriters, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK\$20.1 million in total (assuming the Offer Size Adjustment Option is not exercised). We will also pay for all expenses in connection with any exercise of the Offer Size Adjustment Option.

SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sponsor will receive a documentation fee. The Lead Manager and the Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Commission and expenses" above.

We have appointed Ample Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sponsor and the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group or has any interest in the Share Offer.

The Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Lead Manager will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Lead Manager (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or before 8:00 p.m. on Friday, 26 June 2015.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.50 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

The Lead Manager (for itself and on behalf of the Underwriters) may, where they consider appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the number of the Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause there to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.manking.com.hk notices of reduction in the number of the Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.manking.com.hk of a reduction in the number of the Offer Shares and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by the Lead Manager (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Lead Manager (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Monday, 29 June 2015, the Share Offer will not proceed and will lapse.

Announcement of the final Offer Price, together with the level of indication of interests in the Placing and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on Thursday, 2 July 2015.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.50 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.80 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$3,232.25 per board lot of 4,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.80 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Further details are set out in the section headed “How to Apply for Public Offer Shares” in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, among others, the satisfaction of all of the following conditions:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer and Shares which fall to be allotted and issued upon the exercise of the Offer Size Adjustment Option and upon the exercise of any options which may be granted under the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

2. Underwriting Agreements

The obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date.

If any of the conditions is not fulfilled or waived on or before the times specified above, the Share Offer will lapse and the application money will be returned to the applicants, without interest. The terms on which the application money will be returned to the applicants are set out in the sub-section headed “How to Apply for Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 100,000,000 Offer Shares (subject to the Offer Size Adjustment Option) will be made available under the Share Offer, of which 90,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option), representing 90% of the initial Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 10,000,000 Public Offer Shares (subject to reallocation), representing 10% of the initial Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriter has agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriter will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” in this prospectus.

Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 90,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriter subject to the Offer Price being agreed on or before the Price Determination Date.

It is expected that the Placing Underwriter or selling agents nominated by it, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Placing is expected to be subject to the conditions as stated in the sub-section headed “Structure and Conditions of the Share Offer — Conditions of the Share Offer” in this section.

The Public Offer

Our Company is initially offering 10,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong as well as to institutional and professional investors under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriter subject to the Offer Price being agreed on or before the Price Determination Date. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK\$0.80 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected.

Multiple or suspected multiple applications and any application for more than 10,000,000 Public Offer Shares (being 100% of the Public Offer Shares initially available under the Public Offer) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

BASIS OF ALLOCATION OF THE OFFER SHARES

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 30,000,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;
- (b) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

the number of Shares available for subscription under the Public Offer will be increased to 40,000,000 Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and

- (c) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 50,000,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Lead Manager.

OFFER SIZE ADJUSTMENT OPTION

Our Company has granted the Offer Size Adjustment Option, exercisable by the Lead Manager or its agent on behalf of the Placing Underwriter at any time before 5:00 p.m. on the business day immediately before the date of the announcement of the results of allocations and the basis of allocation of the Public Offer Shares, to require our Company to allot and issue up to an aggregate of 15,000,000 additional Shares, representing 15% of the number of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer. The Offer Size Adjustment Option will not be used for price stabilisation purposes in the secondary market after listing of the Shares on the Stock Exchange and is not subject to the Securities and Future (Price Stabilizing) Rules of the SFO. Any such additional Shares may be issued to cover any excess demand in the Placing and in the event that the Offer Size Adjustment Option is exercised, the Lead Manager in its sole and absolute discretion may decide to whom and proportions in which the additional Shares will be allotted. If the Offer Size Adjustment Option is exercised in full, the additional 15,000,000 Shares and the Offer Shares will represent approximately 3.6% and 27.7% respectively of our Company's enlarged share capital immediately after completion of the Share Offer and the exercise of the Offer Size Adjustment Option.

Our Company will disclose in the announcement of the results of allocations and the basis of allocation of the Public Offer Shares whether, and to what extent, the Offer Size Adjustment Option has been exercised. In the event that the Offer Size Adjustment Option has not been exercised by the Lead Manager on behalf of the Placing Underwriter, our Company will confirm in such announcement that the Offer Size Adjustment Option has lapsed and cannot be exercised at any future date.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk ; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Lead Manager, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reasons at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Lead Manager may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 19 June 2015 to 12:00 noon on Wednesday, 24 June 2015 from:

- (i) the office of the following party:

Ample Orient Capital Limited
Unit A, 14/F
Two Chinachem Plaza
135 Des Voeux Road Central
Central
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ii) any of the following branches of The Bank of East Asia, Limited, the receiving bank for the Public Offer:

District	Branch name	Address
Hong Kong Island	Main Branch	10 Des Voeux Road Central, Central
	Wanchai Branch	Shop A-C, G/F, Easey Commercial Building, 253– 261 Hennessy Road, Wanchai
	Taikoo Shing Branch	Shop G1010–1011, Yiu Sing Mansion, Taikoo Shing
Kowloon	Mongkok Branch	638–640 Nathan Road, Mongkok
	Tsim Sha Tsui Branch	Shop A & B, Milton Mansion, 96 Nathan Road, Tsim Sha Tsui
	Hoi Yuen Road Branch	Unit 1, G/F, Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong
New Territories	Shatin Plaza Branch	Shop 3–4, Level 1, Shatin Plaza, Shatin
	Tsuen Wan Branch	239–243 Sha Tsui Road, Tsuen Wan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 19 June 2015 until 12:00 noon on Wednesday, 24 June 2015 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**The Bank of East Asia (Nominees) Limited — Man King Public Offer**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Friday, 19 June 2015	—	9:00 a.m. to 5:00 p.m.
Monday, 22 June 2015	—	9:00 a.m. to 5:00 p.m.
Tuesday, 23 June 2015	—	9:00 a.m. to 5:00 p.m.
Wednesday, 24 June 2015	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 24 June 2015, the last application day or such later time as described in the sub-section headed "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Lead Manager (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (vi) agree that none of our Company, the Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Lead Manager, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) (if the laws of any place outside Hong Kong apply to your application) agree and warrant that you have complied with all such laws and none of our Company, the Lead Manager and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the firstnamed applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
 - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 19 June 2015 until 11:30 a.m. on Wednesday, 24 June 2015 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 24 June 2015 or such later time under the sub-section headed “10. Effects of Bad Weather on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HOW TO APPLY FOR PUBLIC OFFER SHARES

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Lead Manager and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- confirm that you understand that our Company, our Directors and the Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Lead Manager, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association of our Company; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Friday, 19 June 2015	—	9:00 a.m. to 8:30 p.m.⁽¹⁾
Monday, 22 June 2015	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 23 June 2015	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 24 June 2015	—	8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Friday, 19 June 2015 until 12:00 noon on Wednesday, 24 June 2015 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Wednesday, 24 June 2015, the last application day or such later time as described in the sub-section headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving banker, the Lead Manager, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor, the Lead Manager and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Wednesday, 24 June 2015.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

HOW TO APPLY FOR PUBLIC OFFER SHARES

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Share Offer — Determining the Offer Price” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 24 June 2015. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 24 June 2015 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

HOW TO APPLY FOR PUBLIC OFFER SHARES

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 2 July 2015 (i) in The Standard (in English); (ii) the Hong Kong Economic Times (in Chinese); (iii) on our Company's website at www.manking.com.hk; and (iv) the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at www.manking.com.hk and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 2 July 2015;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 2 July 2015 to 12:00 mid-night on Wednesday, 8 July 2015;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 2 July 2015 to Tuesday, 7 July 2015 (excluding Saturday and Sunday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 2 July 2015 to Monday, 6 July 2015 at all the receiving bank branch.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Condition of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR PUBLIC OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Lead Manager, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

HOW TO APPLY FOR PUBLIC OFFER SHARES

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Lead Manager believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 10,000,000 Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$0.80 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the sub-section headed "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 2 July 2015.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR PUBLIC OFFER SHARES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 2 July 2015. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 3 July 2015 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 2 July 2015 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 2 July 2015, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 2 July 2015, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 2 July 2015, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the sub-section headed "11. Publication of Results" in this section. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 2 July 2015 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 2 July 2015, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 2 July 2015 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 2 July 2015, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the sub-section headed "11. Publication of Results" in this section on Thursday, 2 July 2015. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 2 July 2015 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 2 July 2015. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 2 July 2015.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is a text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong. As described in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, a copy of the following accountants' report is available for inspection.

Deloitte.
德勤

德勤·關黃陳方會計師行
香港
金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

19 June 2015

The Directors
Man King Holdings Limited
Ample Capital Limited

Dear Sirs,

We set out below our report on the financial information relating to Man King Holdings Limited (the "Company") and its subsidiaries (herein collectively referred to as the "Group") for each of the three years ended 31 March 2015 (the "Relevant Periods") (the "Financial Information") for inclusion in the prospectus of the Company dated 19 June 2015 (the "Prospectus") issued in connection with the proposed initial listing of the Company's shares (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company, which acts as an investment holding company, was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 12 November 2014. Pursuant to a corporate reorganisation as more fully explained in the section headed "History and Reorganisation — Corporate Reorganisation" in the Prospectus (the "Group Reorganisation"), the Company became the holding company of the companies now comprising the Group on 31 December 2014.

All the subsidiaries now comprising the Group have adopted 31 March as the financial year end date.

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation	Equity interest attributable to the Group			Issued and fully paid share capital (note)	Principal activities	
		2013	At 31 March 2014	At date of this report 2015			
Peako Engineering Co. Limited ("Peako")	Hong Kong 17 August 1995	100%	100%	100%	100%	Ordinary shares HK\$18,800,000	Construction and civil engineering
Concentric Construction Limited ("Concentric")	Hong Kong 22 August 1991	100%	100%	100%	100%	Ordinary shares HK\$14,800,000	Construction and civil engineering
Keytime Developments Limited ("Keytime")	British Virgin Islands ("BVI") 16 October 2014	N/A	N/A	100%	100%	Ordinary share US\$1	Investment holding
Wit Plus Limited ("Wit Plus")	BVI 6 October 2014	N/A	N/A	100%	100%	Ordinary share US\$1	Investment holding

Note: Details and movement of share capital are set out in note 24.

Other than Keytime and Wit Plus which are wholly-owned and held directly by the Company, all other subsidiaries are indirectly held by the Company.

No audited financial statements have been prepared for the Company, Keytime and Wit Plus since their respective dates of incorporation, as they have not carried out any business or there are no statutory audit requirements.

The statutory financial statements of Peako and Concentric for each of the two years ended 31 March 2013 and 2014 were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by Michael Yuen & Co., Certified Public Accountants. For the year ended 31 March 2015, the statutory financial statements of Peako and Concentric were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods, in accordance with HKFRSs issued by the HKICPA (the "Underlying Financial Statements"). We have undertaken independent audits on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and carried out procedures which we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are considered necessary to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 2 to Section A, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 31 March 2015 and of the Group as at 31 March 2013, 2014 and 2015, and of the consolidated results and consolidated cash flows of the Group for the Relevant Periods.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 March		
		2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	8	255,330	201,030	260,845
Cost of services		<u>(201,998)</u>	<u>(136,169)</u>	<u>(188,064)</u>
Gross profit		53,332	64,861	72,781
Other income	9a	526	512	782
Other gains and losses	9b	199	484	208
Administrative expenses		(20,145)	(17,007)	(25,111)
Listing expenses		—	—	(7,089)
Finance costs	10	<u>(131)</u>	<u>(264)</u>	<u>(203)</u>
Profit before tax	11	33,781	48,586	41,368
Income tax expense	13	<u>(5,432)</u>	<u>(7,876)</u>	<u>(6,383)</u>
Profit and total comprehensive income for the year		<u>28,349</u>	<u>40,710</u>	<u>34,985</u>
Earnings per share — Basic (HK cents)	15	<u>10.80</u>	<u>15.51</u>	<u>12.66</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 March		
	Notes	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Non-current assets				
Property, plant and equipment	16	2,424	1,951	1,775
Current assets				
Amounts due from customers for contract works	17	5,991	22,142	39,140
Debtors, deposits and prepayments	18	44,440	61,036	58,402
Tax recoverable		305	369	—
Amounts due from joint operations/ other partners of joint operations	19	19,688	14,004	10,768
Amounts due from shareholders	20	4,546	—	—
Amount due from a director	20	5,819	—	—
Pledged bank deposits	21	9,674	15,167	15,985
Bank balances and cash	21	112,356	90,110	89,386
		<u>202,819</u>	<u>202,828</u>	<u>213,681</u>
Current liabilities				
Amounts due to customers for contract works	17	31,387	24,989	29,546
Creditors and accrued charges	22	40,915	40,402	26,943
Amounts due to joint operations/ other partners of joint operations	19	4,933	6,857	6,973
Amounts due to fellow subsidiaries of a joint operation partner	19	2,097	2,117	657
Amount due to a shareholder	20	—	2,942	—
Amount due to a director	20	—	5,716	—
Tax liabilities		2,491	5,113	4,648
Bank borrowings	23	8,523	6,607	4,846
		<u>90,346</u>	<u>94,743</u>	<u>73,613</u>
Net current assets		<u>112,473</u>	<u>108,085</u>	<u>140,068</u>
Total assets less current liabilities		<u>114,897</u>	<u>110,036</u>	<u>141,843</u>
Non-current liabilities				
Amount due to a director	20	1,308	—	—
Amounts due to joint operations	19	11,503	—	—
		<u>12,811</u>	<u>—</u>	<u>—</u>
Net assets		<u>102,086</u>	<u>110,036</u>	<u>141,843</u>
Capital and reserves				
Share capital	24	29,400	29,400	—
Reserves		72,686	80,636	141,843
Total equity		<u>102,086</u>	<u>110,036</u>	<u>141,843</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(note)</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2012	29,400	—	44,337	73,737
Profit and total comprehensive income recognised for the year	<u>—</u>	<u>—</u>	<u>28,349</u>	<u>28,349</u>
At 31 March 2013	29,400	—	72,686	102,086
Profit and total comprehensive income recognised for the year	—	—	40,710	40,710
Dividends paid (<i>note 14</i>)	<u>—</u>	<u>—</u>	<u>(32,760)</u>	<u>(32,760)</u>
At 31 March 2014	29,400	—	80,636	110,036
Profit and total comprehensive income recognised for the year	—	—	34,985	34,985
Issue of shares (<i>note 24</i>)	4,200	—	—	4,200
Dividends paid (<i>note 14</i>)	—	—	(7,378)	(7,378)
Effect of Group Reorganisation	<u>(33,600)</u>	<u>33,600</u>	<u>—</u>	<u>—</u>
At 31 March 2015	<u>—*</u>	<u>33,600</u>	<u>108,243</u>	<u>141,843</u>

* *less than HK\$1,000*

Note: As part of the Group Reorganisation on 31 December 2014, Mr. YC Lo and Ms. Vera Lo, the Ultimate Shareholders (defined and explained in note 2) and the directors of the Company, transferred their 100% equity interest in Concentric to Wit Plus for the 5,000 ordinary shares at par value of US\$1.00 each in the share capital of Jade Vantage Holdings Limited ("Jade Vantage"). On the same date, Mr. Ronnie Lo and Ms. Savonne Lo, the Ultimate Shareholders and the directors of the Company, transferred their 100% equity interest in Peako to Keytime for the 5,000 ordinary shares at par value of US\$1.00 each in the share capital of Jade Vantage. The difference between the par value of the shares issued by the Company of HK\$100 and the share capital of Peako and Concentric of HK\$33,600,000 is treated as an equity movement, and recorded in "Other reserve".

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
OPERATING ACTIVITIES			
Profit before tax	33,781	48,586	41,368
Adjustments for:			
Depreciation of property, plant and equipment	840	759	565
Finance costs	131	264	203
Net loss on disposal/write off of property, plant and equipment	—	43	23
Gain on disposal of available-for-sale investment	(96)	—	—
Unrealised net exchange gains	(103)	(527)	(231)
Interest income	(481)	(494)	(583)
Operating cash flows before movements in working capital	34,072	48,631	41,345
Increase in amounts due from customers for contract works	(3,268)	(16,151)	(16,998)
Increase in debtors, deposits and prepayments	(12,293)	(15,996)	(2,390)
(Increase) decrease in amounts due from joint operations/other partners of joint operations	(10,396)	1,126	3,369
(Decrease) increase in amounts due to customers for contract works	(11,955)	(6,398)	4,557
Increase (decrease) in creditors and accrued charges	12,164	(513)	(13,459)
Increase in amounts due to other partners of joint operations	4,923	1,934	116
Increase (decrease) in amounts due to fellow subsidiaries of a joint operation partner	55	20	(1,460)
Cash generated from operations	13,302	12,653	15,080
Income tax paid	(4,170)	(5,829)	(7,218)
Income tax refunded	66	510	739
NET CASH FROM OPERATING ACTIVITIES	9,198	7,334	8,601

	Year ended 31 March		
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(640)	(332)	(412)
Proceeds from disposal of available-for-sale investment	2,066	—	—
Proceeds from disposal of property, plant and equipment	—	3	—
Advances to related parties	(100,770)	(154,800)	(69,500)
Repayments from related parties	101,470	144,700	71,024
Advances to a director	(26,090)	(66,120)	—
Repayments from a director	20,842	55,215	—
Advances to shareholders	(4,751)	(2,697)	—
Repayments from shareholders	205	3,542	—
Advances to other partners of joint operations	—	(298)	(6,547)
Repayments from other partners of joint operations	—	4,857	6,414
Placement of pledged bank deposits	(9,614)	(5,493)	(10,935)
Withdrawal of pledged bank deposits	—	—	10,117
Interest income	481	494	583
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(16,801)	(20,929)	744
FINANCING ACTIVITIES			
Interest paid	(131)	(264)	(203)
Issue of shares	—	—	4,200
Repayment of obligation under a finance lease	(18)	—	—
Bank borrowings raised	9,000	—	—
Repayment of bank borrowings	(691)	(1,702)	(1,761)
Repayments to joint operations	—	(11,503)	—
Advance from a director	—	4,408	20,009
Repayment to a director	—	—	(25,725)
Advance from a shareholder	—	107	1,595
Repayment to a shareholder	(334)	—	(1,037)
Repayments to other partners of joint operations	(48)	(10)	—
Dividends paid	—	—	(7,378)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	7,778	(8,964)	(10,300)

	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	175	(22,559)	(955)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	111,864	112,142	90,110
Effect of foreign exchange rate changes	<u>103</u>	<u>527</u>	<u>231</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>112,142</u>	<u>90,110</u>	<u>89,386</u>
Represented by			
Bank balances and cash	112,356	90,110	89,386
Bank overdraft	<u>(214)</u>	<u>—</u>	<u>—</u>
	<u>112,142</u>	<u>90,110</u>	<u>89,386</u>

NOTES TO THE FINANCIAL INFORMATION**1. GENERAL**

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 12 November 2014. Its registered office is located at PO Box 309, Ugland Home, Grand Cayman, KY1-1104, the Cayman Islands. The address of its principal place of business is located at Unit D, 10/F., Skyline Tower, 18 Tong Mi Road, Mongkok, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in construction and civil engineering.

The Financial Information is presented in Hong Kong Dollar ("HK\$"), which is the same as the functional currency of the Company and its subsidiaries.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Prior to the Group Reorganisation, Mr. Lo Yick Cheong ("Ronnie") and his wife, Ms. Cheung Suk Ching, Savonne ("Savonne") were the registered shareholders of Peako while Mr. Lo Yuen Cheong ("YC") and his wife, Ms. Tam Wai Sze, Vera ("Vera") were the registered shareholders of Concentric. Ronnie and YC are brothers and have reached a consensus, from the commencement of the business operations of Peako and Concentric, to co-own the family engineering business with YC playing key management role for the said business's civil engineering operations, while Ronnie was mainly responsible for other consultancy services (the "Lo's Family Business"). YC and Ronnie had agreed among themselves that their contribution to the Lo's Family Business, whether financial contribution or contribution to the management of the business, shall be made by each of them depending upon the relevant individual's availability of financial resources, and relevant technical expertise. Relevant contributions made by each of them, accordingly, depended upon the situation, and were in the interest of the Lo's Family Business.

For the purpose of the Listing, Peako and Concentric underwent the following re-organisation steps: (1) the incorporation of Jade Vantage, acting as the holding company of the Company, with Ronnie, YC and their wives (the "Ultimate Shareholders") as shareholders (2) the incorporation of the Company, Keytime and Wit Plus as wholly owned subsidiaries of Jade Vantage; and (3) transfer of the issued shares in Peako and Concentric from the respective registered shareholders to Keytime and Wit Plus, respectively. The Group resulting from the Group Reorganisation is regarded as a continuing entity of the Lo's Family Business. Accordingly, the consolidated statements of financial position, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity of the Group for the Relevant Periods have been prepared using the financial information of the companies now comprising the Group for the Relevant Periods as if the current group structure had been in existence throughout the Relevant Periods on a merger basis as described in the significant accounting policies set out in note 4.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group has consistently adopted all new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are effective for annual accounting periods beginning on 1 April 2014 throughout the Relevant Periods.

At the date of this report, the HKICPA has issued the following new and revised HKFRSs that are not yet effective for annual accounting periods beginning on 1 April 2014. The Group has not early applied these new and revised HKFRSs.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 July 2014

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

Except as described below, the management of the Group anticipates that the application of the other new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures to the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosure are required by HKFRS 15.

The management of the Group anticipates that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at initial recognition as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of combinations

The Financial Information incorporates the financial statements of the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group's policy for recognition of revenue from construction contracts is described in the accounting policy on construction contracts below.

Consultancy fee income is recognised when the relevant services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the construction works performed, which are certified by an independent professional architect, relative to the estimated total contract sum, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under debtors, deposits and prepayments.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are

retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to the Mandatory Provident Fund ("MPF") Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint operations, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income as directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including debtors and deposits, amount due from a director, amounts due from joint operations/other partners of joint operations, amounts due from shareholders, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including creditors and accrued charges, amounts due to director/shareholder, amounts due to joint operations/other partners of joint operations, amounts due to fellow subsidiaries of a joint operation partner and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (which is dealt with separately below), that management of the Group has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the Financial Information.

Joint arrangements

The management of the Group performed an assessment of whether the Group has joint control over the Group's joint arrangements. Pursuant to the respective contractual agreements regarding each of these joint arrangements, all major decisions and the decisions regarding the relevant activities of these joint arrangements require the unanimous consent of all parties to the arrangement. Accordingly, the management of the Group concluded that the Group has joint control over the joint arrangements.

The management of the Group also assessed whether these joint arrangements are joint operations or joint ventures under HKFRS 11. After considering the rights and obligations of parties to the joint arrangements with reference to the structure, the legal form of the arrangements, the contractual terms agreed by the parties in the arrangements, and the relevant facts and circumstances, the management of the Group concluded that all of the Group's joint arrangements should be classified as joint operations under HKFRS 11 as the relevant joint arrangements specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements.

Key sources of estimates uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction contracts in respect of civil engineering work

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Estimated construction revenue is determined in accordance with the terms out in the relevant contract. Construction

costs which mainly comprise subcontracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Variations in contract work and claims are included in revenue to the extent that the amount has been certified by the architect and its receipt is considered probable based on the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Estimated impairment of trade and retention receivables and amounts due from joint operations

Management estimates the recoverability of trade and retention receivables and amounts due from joint operations based on objective evidence. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2013, 2014 and 2015, the carrying amounts of trade and retention receivables of the Group were approximately HK\$24,340,000, HK\$39,475,000 and HK\$47,088,000 respectively, while the carrying amounts of amounts due from joint operations of the Group were approximately HK\$14,830,000, HK\$13,705,000 and HK\$10,336,000, respectively.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged throughout the Relevant Periods.

The capital structure of the Group consists of cash and cash equivalents, net of bank borrowings disclosed in note 23 and equity, comprising fully paid share capital and reserves.

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends and new shares issues as well as the issue of new debt and redemption of existing debt.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	At 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Financial assets			
Loans and receivables (including bank balances and cash)	189,080	173,503	165,634
	<u>189,080</u>	<u>173,503</u>	<u>165,634</u>
Financial liabilities			
Amortised cost	69,279	64,641	39,419
	<u>69,279</u>	<u>64,641</u>	<u>39,419</u>

7b. Financial risk management objectives and policies

The Group's major financial instruments include amount due from (to) a director, amounts due from (to) shareholders, amounts due from (to) joint operations/other partners of joint operations, amounts due to fellow subsidiaries of a joint operation partner, debtors and deposits, pledged bank deposits, bank balances and cash, creditors and accrued charges and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Market risk**Currency risk*

The group entities have foreign currency denominated monetary assets which expose the Group to foreign currency risk. The management of the Group believes the Group does not have significant foreign exchange exposures and will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the foreign exchange exposures become significant.

The carrying amounts of the foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Assets		
	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
United States Dollar ("USD")	108	108	131
Renminbi ("RMB")	<u>19,701</u>	<u>20,866</u>	<u>31,012</u>

Sensitivity analysis

The Group is mainly exposed to the fluctuation of RMB. The management of the Group considers that the Group does not have significant foreign currency exposure in relation to monetary items that are denominated in USD as HK\$ is pegged to USD. The following table details the Group's sensitivity to a 1% increase and decrease in the group entity's respective functional currency, HK\$, against RMB. 1% sensitivity rate is used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A negative number below indicates a decrease in profit for the year where HK\$ strengthen against RMB. For a 1% weakening of HK\$ against RMB, there would be an equal and opposite impact on the profit for the years, and the balances shown as negative below would be positive.

	RMB Impact		
	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease in profit	<u>(197)</u>	<u>(209)</u>	<u>(310)</u>

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the years.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances, variable-rate pledged deposits and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and pledged deposits and the Best Lending Rate arising from the bank borrowings.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

The management of the Group considers that the overall interest rate risk is not significant as the fluctuation of the interest rates on bank balances and pledged deposits and the Best Lending Rate is minimal. Accordingly, no sensitivity analysis is prepared and presented.

Credit risk

At the end of respective reporting periods, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position and the amount of contingent liability in relation to a financial guarantee issued by the Group as disclosed in note 28.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To mitigate the risk arising from a guarantee provided to a bank in respect of a performance bond, the management of the Group continually monitored and assessed the financial position of the joint operation and such guarantee was released in January 2015. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 March 2013, 2014 and 2015 on trade and retention receivables from the Group's 5 major customers amounting to HK\$18,668,000, HK\$27,475,000 and HK\$45,255,000 respectively and accounted for 77%, 70% and 96% of the Group's total trade and retention receivables. The major customers of the Group are the HKSAR Government and certain reputable organisations. The management of the Group considers that the credit risk is limited in this regard.

Other than concentration of credit risk on trade and retention receivables and liquid funds, the Group has concentration of credit risk on amounts due from other partners of joint operations. As at 31 March 2013, 2014 and 2015, amounts due from joint operations amounted to HK\$14,830,000, HK\$13,705,000 and HK\$10,336,000, respectively and amounts due from other partners of joint operations of HK\$4,858,000, HK\$299,000 and HK\$432,000, respectively. The management of the Group considers that there are no significant credibility problems of the counterparties as they have good historical repayment patterns.

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

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank borrowings, as appropriate.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayable on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

Liquidity table

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 March 2013						
Creditors and accrued charges	—	36,072	986	3,857	40,915	40,915
Amounts due to joint operations/ other partners of joint operations	—	2,495	—	13,941	16,436	16,436
Amounts due to fellow subsidiaries of a joint operation partner	—	2,097	—	—	2,097	2,097
Amount due to a director	—	—	—	1,308	1,308	1,308
Bank borrowings						
— variable rate	3.5	8,309	—	—	8,309	8,309
— bank overdrafts	5.0	214	—	—	214	214
Financial guarantee contract	—	8,700	—	—	8,700	—
		<u>57,887</u>	<u>986</u>	<u>19,106</u>	<u>77,979</u>	<u>69,279</u>
At 31 March 2014						
Creditors and accrued charges	—	34,375	1,023	5,004	40,402	40,402
Amounts due to joint operations/ other partners of joint operations	—	2,711	—	4,146	6,857	6,857
Amounts due to fellow subsidiaries of a joint operation partner	—	2,117	—	—	2,117	2,117
Amount due to a shareholder	—	2,942	—	—	2,942	2,942
Amounts due to directors	—	5,716	—	—	5,716	5,716
Bank borrowings						
— variable rate	3.5	6,607	—	—	6,607	6,607
Financial guarantee contract	—	8,700	—	—	8,700	—
		<u>63,168</u>	<u>1,023</u>	<u>9,150</u>	<u>73,341</u>	<u>64,641</u>

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 March 2015						
Creditors and accrued charges	—	18,353	675	7,915	26,943	26,943
Amounts due to joint operations/ other partners of joint operations	—	1,597	686	4,690	6,973	6,973
Amounts due to fellow subsidiaries of a joint operation partner	—	657	—	—	657	657
Bank borrowings — variable rate	3.5	4,846	—	—	4,846	4,846
		<u>25,453</u>	<u>1,361</u>	<u>12,605</u>	<u>39,419</u>	<u>39,419</u>

The amounts included above for a financial guarantee contract is the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the respective reporting periods, the management of the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the counterparty which is guaranteed suffers losses. The financial guarantee contract was released during the year ended 31 March 2015.

Bank borrowings with a repayment on demand clause are included in the “repayable on demand or less than 3 months” time band in the above maturity analysis. As at 31 March 2013, 2014 and 2015, the aggregate carrying amounts of these bank borrowings amounted to HK\$8,309,000, HK\$6,607,000 and HK\$4,846,000 respectively. Taking into account the Group’s financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. Aggregate principal and interest cash outflows (estimated based on the interest rate at the end of the reporting period) are set out below:

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1-2 years HK\$'000	3-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 March 2013							
Bank borrowings — variable rates	3.5	<u>491</u>	<u>1,474</u>	<u>1,965</u>	<u>5,075</u>	<u>9,005</u>	<u>8,309</u>
At 31 March 2014							
Bank borrowings — variable rates	3.5	<u>491</u>	<u>1,474</u>	<u>1,965</u>	<u>3,110</u>	<u>7,040</u>	<u>6,607</u>
At 31 March 2015							
Bank borrowings — variable rates	3.5	<u>491</u>	<u>1,474</u>	<u>1,965</u>	<u>1,146</u>	<u>5,076</u>	<u>4,846</u>

7c. Fair value measurements of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

8. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for revenue arising on civil engineering works and consultancy fee income during the Relevant Periods.

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Civil engineering works	255,281	200,990	260,825
Consultancy fee income	<u>49</u>	<u>40</u>	<u>20</u>
	<u>255,330</u>	<u>201,030</u>	<u>260,845</u>

Information reported to the management of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is on a project by project basis. Each individual project constitutes an operating segment. For operating segments that have similar economic characteristics, are produced using similar production process, distributed and sold to similar classes of customers and under similar regulatory environment, their segment information is aggregated into civil engineering works as single reportable segment. The management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the year of the Group as presented in the consolidated statements of profit or loss and other comprehensive income. The accounting policies of the reportable segment are the same as the Group's accounting policies described in note 4. No analysis of the Group's assets and liabilities is regularly provided to the management of Group for review.

Geographical information

The Group's revenue is all derived from operations in Hong Kong and the Group's non-current assets are all located in Hong Kong.

Information about major customers

Revenue from customers in respect of civil engineering works of the Relevant Periods contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Customer 1	76,200	65,724	76,803
Customer 2	27,204	20,711	Note a
Customer 3	60,605	28,121	80,131
Customer 4	Note a	26,231	28,909
Customer 5	—	Note a	31,686

Note a: The corresponding revenue did not contribute over 10% of total revenue of the Group in their respective year.

No other revenue from transaction with a single external customer amounted to 10% or more of the Group's revenue during the Relevant Periods.

9a. OTHER INCOME

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Bank interest income	481	494	583
Others	<u>45</u>	<u>18</u>	<u>199</u>
	<u>526</u>	<u>512</u>	<u>782</u>

9b. OTHER GAINS AND LOSSES

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Net loss on disposal/write off of property, plant and equipment	—	(43)	(23)
Gain on disposal of available-for-sale investment	96	—	—
Unrealised net exchange gains	103	527	231
	<u>199</u>	<u>484</u>	<u>208</u>

10. FINANCE COSTS

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Interest on:			
Bank borrowings wholly repayable within five years	127	264	203
Finance lease	4	—	—
	<u>131</u>	<u>264</u>	<u>203</u>

11. PROFIT BEFORE TAX

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Profit before tax has been arrived at after charging:			
Directors' emoluments (<i>note 12</i>)	2,538	1,096	4,368
Salaries and other allowances	58,356	47,095	50,317
Retirement benefit scheme contributions, excluding those of directors	1,738	1,398	1,782
Total staff costs	62,632	49,589	56,467
Less: amounts included in cost of services	(54,219)	(42,918)	(44,716)
	<u>8,413</u>	<u>6,671</u>	<u>11,751</u>
Auditors' remuneration	74	99	524
Depreciation of property, plant and equipment	840	759	565
Less: amounts included in cost of services	(292)	(292)	(72)
	<u>548</u>	<u>467</u>	<u>493</u>
Operating lease rentals in respect of land and buildings	317	785	1,248
Litigation expense	2,949	—	—

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS**Directors**

The emoluments of the directors of Company for the Relevant Periods are as follows:

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Fee	—	—	—
Salaries and other allowances	1,436	580	2,706
Discretionary bonus	1,086	500	1,635
Retirement benefit scheme contributions	16	16	27
	<u>2,538</u>	<u>1,096</u>	<u>4,368</u>

Note a: The discretionary bonus is determined with consideration of the progress and performance of construction contract works for the years of the entities.

	Year ended 31 March								
	2013			2014			2015		
	Salaries and other allowance HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Salaries and other allowance HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Salaries and other allowance HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000
Executive directors:									
YC	1,436	1,086	16	580	500	16	1,961	1,250	17
Ronnie	—	—	—	—	—	—	625	285	5
	<u>1,436</u>	<u>1,086</u>	<u>16</u>	<u>580</u>	<u>500</u>	<u>16</u>	<u>2,586</u>	<u>1,535</u>	<u>22</u>
Non-executive director:									
Chan Wai Ying	—	—	—	—	—	—	120	100	5
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>120</u>	<u>100</u>	<u>5</u>
	<u>1,436</u>	<u>1,086</u>	<u>16</u>	<u>580</u>	<u>500</u>	<u>16</u>	<u>2,706</u>	<u>1,635</u>	<u>27</u>

YC is the chief executive of the Company, his emoluments disclosed above include those services rendered by him to the entities comprising the Group during the Relevant Periods. No director has waived or agreed to waive any emoluments during the Relevant Periods.

Employees

The five highest paid individuals of the Group included one director for the years ended 31 March 2013, 2014 and two directors for the year ended 31 March 2015, details of their emoluments are set out above. The emoluments of the remaining four individuals for the years ended 31 March 2013 and 2014, and the remaining three individuals for the year ended 31 March 2015, are as follows:

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Salaries and other allowances	3,524	3,568	2,848
Discretionary bonus	839	884	1,040
Retirement benefit scheme contributions	<u>45</u>	<u>37</u>	<u>21</u>
	<u>4,408</u>	<u>4,489</u>	<u>3,909</u>

The emoluments of the highest paid individuals fell within the following rank:

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
HK\$ Nil–HK\$1,000,000	1	1	—
HK\$1,000,001–HK\$1,500,000	<u>3</u>	<u>3</u>	<u>3</u>
	<u>4</u>	<u>4</u>	<u>3</u>

13. INCOME TAX EXPENSE

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Income tax			
Current year	5,432	7,876	7,743
Overprovision in prior years	<u>—</u>	<u>—</u>	<u>(1,360)</u>
	<u>5,432</u>	<u>7,876</u>	<u>6,383</u>

The Group is subject to Hong Kong Income Tax at a rate of 16.5% for the Relevant Periods.

The tax charge for the Relevant Periods can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Profit before tax	<u>33,781</u>	<u>48,586</u>	<u>41,368</u>
Tax charge at Hong Kong Profits Tax Rate of 16.5%	5,574	8,017	6,826
Tax effect of expenses not deductible for tax purpose	294	9	1,551
Tax effect of income not taxable for tax purpose	(110)	(325)	(605)
Tax effect of tax losses not recognised	—	147	9
Utilisation of tax losses previously not recognised	(312)	—	(7)
Overprovision in prior years	—	—	(1,360)
Others	<u>(14)</u>	<u>28</u>	<u>(31)</u>
Tax charge for the year	<u>5,432</u>	<u>7,876</u>	<u>6,383</u>

No provision for deferred taxation has been recognised as there is no significant taxable temporary difference for the year and at the end of each of the reporting period. In addition, the Group has unutilised tax losses of HK\$109,000, HK\$996,000 and HK\$1,006,000 as at 31 March 2013, 2014 and 2015 available for offset against future profits and have no expiry date. No deferred tax asset has been recognised due to the unpredictability of future profit streams in the respective entities.

14. DIVIDENDS

No dividend has been declared or paid by the Company since its date of incorporation. However, during the Relevant Periods, Peako and Concentric made the following distributions to their shareholders:

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Dividends declared and paid/payable to shareholders by:			
— Peako	—	20,160	4,418
— Concentric	<u>—</u>	<u>12,600</u>	<u>2,960</u>
	<u>—</u>	<u>32,760</u>	<u>7,378</u>

The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

15. EARNINGS PER SHARE

The calculations of the basic earnings per share for the Relevant Periods are based on the profit for each of the three years ended 31 March 2013, 2014 and 2015 of HK\$28,349,000, HK\$40,710,000 and HK\$34,985,000, respectively and the weighted average number of ordinary shares of 262,500,000, 262,500,000 and 276,369,863, respectively on the assumption that the Group Reorganisation and capitalisation issue (as detailed in section D "Subsequent events" below) are deemed to have become effective on 1 April 2012.

No diluted earnings per share is presented because there were no potential ordinary shares in issue during the Relevant Periods.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Office equipment HK\$'000	Total HK\$'000
COST						
As at 1 April 2012	892	452	2,527	3,483	1,974	9,328
Additions	—	—	—	612	28	640
Written off	—	—	—	(90)	—	(90)
As at 31 March 2013	892	452	2,527	4,005	2,002	9,878
Additions	—	—	—	250	82	332
Written off	—	—	—	(501)	—	(501)
Disposals	—	—	—	(27)	—	(27)
As at 31 March 2014	892	452	2,527	3,727	2,084	9,682
Additions	—	—	—	341	71	412
Written off	—	(222)	(1,142)	(601)	(1,317)	(3,282)
As at 31 March 2015	892	230	1,385	3,467	838	6,812
DEPRECIATION						
As at 1 April 2012	45	401	2,342	2,415	1,501	6,704
Provided for the year	22	46	82	454	236	840
Written off	—	—	—	(90)	—	(90)
As at 31 March 2013	67	447	2,424	2,779	1,737	7,454
Provided for the year	22	3	82	456	196	759
Written off	—	—	—	(455)	—	(455)
Eliminated on disposals	—	—	—	(27)	—	(27)
As at 31 March 2014	89	450	2,506	2,753	1,933	7,731
Provided for the year	22	2	21	431	89	565
Written off	—	(222)	(1,142)	(601)	(1,294)	(3,259)
As at 31 March 2015	111	230	1,385	2,583	728	5,037
CARRYING VALUE						
As at 31 March 2013	825	5	103	1,226	265	2,424
As at 31 March 2014	803	2	21	974	151	1,951
As at 31 March 2015	781	—	—	884	110	1,775

The Group's building is situated on land in Hong Kong under a 40-year lease term. The leasehold land is included in property, plant and equipment as the allocation between the land and building elements cannot be made reliably.

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Leasehold land and building	40 years or over the lease term, whichever is shorter
Leasehold improvements	5 years or over the lease term, whichever is shorter
Plant and machinery	5 years
Motor vehicles	5 years
Office equipment	5 years

17. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracts in progress at the end of the reporting periods:			
Contract costs incurred plus recognised profits			
less recognised losses	636,791	864,271	1,120,809
Less: progress billings	<u>(662,187)</u>	<u>(867,118)</u>	<u>(1,111,215)</u>
	<u>(25,396)</u>	<u>(2,847)</u>	<u>9,594</u>
Analysed for reporting purposes as:			
Amounts due from customers for contract works	5,991	22,142	39,140
Amounts due to customers for contract works	<u>(31,387)</u>	<u>(24,989)</u>	<u>(29,546)</u>
	<u>(25,396)</u>	<u>(2,847)</u>	<u>9,594</u>

As 31 March 2013, 2014 and 2015, retention held by customers for contract works amounted to HK\$10,643,000, HK\$12,720,000 and HK\$18,287,000, respectively as disclosed in note 18. No advances were received from customers at 31 March 2013, 2014 and 2015.

18. DEBTORS, DEPOSITS AND PREPAYMENTS

	At 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Trade receivables			
Due from third parties	12,805	25,858	28,801
Due from a related party			
— Concordia Engineering Limited (<i>note a</i>)	<u>892</u>	<u>897</u>	<u>—</u>
	<u>13,697</u>	<u>26,755</u>	<u>28,801</u>
Retention receivables			
Due from third parties	10,643	12,717	18,287
Due from a related party — Concordia	<u>—</u>	<u>3</u>	<u>—</u>
	<u>10,643</u>	<u>12,720</u>	<u>18,287</u>
	<u>24,340</u>	<u>39,475</u>	<u>47,088</u>
Other debtors, deposits and prepayments			
Due from third parties			
— Deposits and prepaid expenses (<i>note b</i>)	9,612	11,426	10,556
— Advances to sub-contractors	5,992	4,907	—
— Others	<u>72</u>	<u>204</u>	<u>758</u>
	<u>15,676</u>	<u>16,537</u>	<u>11,314</u>
Due from a related parties			
— Step Technology Limited (<i>note c</i>)	4,351	4,351	—
— C&P (Holdings) Hong Kong Limited (<i>note d</i>)	<u>73</u>	<u>673</u>	<u>—</u>
	<u>4,424</u>	<u>5,024</u>	<u>—</u>
	<u>20,100</u>	<u>21,561</u>	<u>18,403</u>
	<u>44,440</u>	<u>61,036</u>	<u>58,402</u>

Notes:

- (a) Concordia Engineering Limited (“Concordia”) was a related company in which Loh Sau Ling had beneficial interests and joint control with a third party. Loh Sau Ling is a sibling of Ronnie and YC and had been a director of Peako since April 2006 and resigned on 17 February 2012. In November 2014, the shares of Concordia held by Loh Sau Ling were transferred to a third party, thereafter Concordia was not a related party of the Group.
- (b) As at 31 March 2014 and 2015, included in deposits and prepaid expense is a deposit of HK\$2,440,000 which has been placed and pledged to an insurance institution to secure a performance bond issued by the institution to a customer of the Group (see note 28).

- (c) Step Technology Limited is a related company in which Loh Sau Ling is the sole shareholder and director. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully settled during the year ended 31 March 2015. The maximum amounts outstanding during the years ended 31 March 2013, 2014 and 2015 were HK\$5,350,000, HK\$4,351,000 and HK\$4,351,000, respectively.
- (d) C&P (Holdings) Hong Kong Limited is a related company in which Loh Sau Ling and a shareholder of the Company collectively own its entire interest. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully settled during the year ended 31 March 2015. The maximum amounts outstanding was HK\$11,673,000 for each of the years ended 31 March 2013, 2014 and 2015.

The Group allows credit period up to 60 days to certain customers. The aged analysis of the Group's trade receivables based on certification/invoice dates at the end of each reporting period are as follows:

	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables:			
0–30 days	9,686	18,593	24,699
31–60 days	1,313	6,769	3,781
Over 90 days	<u>2,698</u>	<u>1,393</u>	<u>321</u>
	<u><u>13,697</u></u>	<u><u>26,755</u></u>	<u><u>28,801</u></u>
	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Retention receivables:			
Due within one year	1,663	1,131	1,757
Due after one year	<u>8,980</u>	<u>11,589</u>	<u>16,530</u>
	<u><u>10,643</u></u>	<u><u>12,720</u></u>	<u><u>18,287</u></u>

Included in the Group's trade receivables are debtors with a carrying amount of HK\$2,698,000, HK\$1,393,000 and HK\$321,000 at 31 March 2013, 2014 and 2015 which are past due but not impaired as at the end of respective reporting periods. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue:			
31–60 days	2,698	1,393	—
61–90 days	<u>—</u>	<u>—</u>	<u>321</u>
	<u><u>2,698</u></u>	<u><u>1,393</u></u>	<u><u>321</u></u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

In determining the recoverability of trade and retention receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. No allowance for doubtful debts is required during the Relevant Periods.

19. AMOUNTS DUE FROM (TO) JOINT OPERATIONS/OTHER PARTNERS OF JOINT OPERATIONS AND AMOUNTS DUE TO FELLOW SUBSIDIARIES OF A JOINT OPERATION PARTNER

(i) The amounts due from joint operations/other partners of joint operations comprise:

	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount due from joint operations (<i>note</i>)	14,830	13,705	10,336
Amount due from other partners of joint operations	<u>4,858</u>	<u>299</u>	<u>432</u>
	<u><u>19,688</u></u>	<u><u>14,004</u></u>	<u><u>10,768</u></u>

Note: Amounts represent the portion shared by other partners of joint operations according to the respective joint arrangement agreements.

The Group allows a credit period of up to 60 days to its joint operations. The aged analysis of the Group's trade-related amounts due from joint operations based on certification/invoice dates at the end of each reporting period are as follows:

	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from joint operations:			
0–30 days	2,427	3,253	962
31–60 days	<u>6,018</u>	<u>2,071</u>	<u>726</u>
	8,445	5,324	1,688
Retention receivables:			
Due after one year	<u>6,385</u>	<u>8,381</u>	<u>8,648</u>
	<u><u>14,830</u></u>	<u><u>13,705</u></u>	<u><u>10,336</u></u>

The amounts due from other partners of joint operations of HK\$4,858,000, HK\$299,000 and HK\$432,000 as at 31 March 2013, 2014 and 2015, respectively, are non trade-related, unsecured, interest-free and repayable on demand within 12 months.

(ii) The amounts due to joint operations/other partners of joint operations comprise:

	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due to joint operations (<i>note</i>)	11,503	—	—
Amounts due to other partners of joint operations	<u>4,933</u>	<u>6,857</u>	<u>6,973</u>
	<u><u>16,436</u></u>	<u><u>6,857</u></u>	<u><u>6,973</u></u>

Note: Amounts represent the portion shared by other partners of joint operations according to the respective joint arrangement agreements.

Amounts due to joint operations of HK\$11,503,000 as at 31 March 2013 are non trade-related, unsecured, interest-free and repayable after one year.

Amounts due to other partners of joint operations include trade-related amounts due to other partners of joint operations amounting to HK\$4,923,000, HK\$6,857,000 and HK\$6,973,000 as at 31 March 2013, 2014 and 2015, respectively.

Ageing analysis of the Group's trade-related amounts due to other partners of joint operations based on certification/invoice dates at the end of each reporting period is as follows:

	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	376	1,682	1,173
31–60 days	532	1,029	—
61–90 days	1,577	—	—
Over 90 days	<u>—</u>	<u>—</u>	<u>424</u>
	2,485	2,711	1,597
Retention payables — due within one year	—	—	686
Retention payables — due after one year	<u>2,438</u>	<u>4,146</u>	<u>4,690</u>
	<u><u>4,923</u></u>	<u><u>6,857</u></u>	<u><u>6,973</u></u>

- (iii) Amounts due to fellow subsidiaries of a joint operation partner are trade-related, unsecured, interest-free and repayable on demand.

Ageing analysis of the Group's trade-related amounts due to fellow subsidiaries of a joint operation partner based on certification/invoice dates at the end of each reporting period is as follows:

	At 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
61–90 days	—	7	—
Over 90 days	<u>2,097</u>	<u>2,110</u>	<u>657</u>
	<u><u>2,097</u></u>	<u><u>2,117</u></u>	<u><u>657</u></u>

20. AMOUNTS DUE FROM (TO) DIRECTORS AND AMOUNTS DUE FROM (TO) SHAREHOLDERS

Directors/ shareholders	Terms of loan	At 31 March			Maximum amount outstanding during 31 March		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Amounts due from shareholders							
Savonne	Unsecured, interest-free and repayable within one year	1,621	—	—	1,749	17,123	665
Vera	Unsecured, interest-free and repayable within one year	2,925	—	—	2,925	3,745	1,077
		<u>4,546</u>	<u>—</u>	<u>—</u>			
Amount due from a director							
YC	Unsecured, interest-free and repayable within one year	5,819	—	—	15,548	16,231	—
Amount due to a shareholder							
Savonne	Unsecured, interest-free and repayable within one year	—	2,942	—			
Amount due to a director							
YC	Unsecured, interest-free and repayable within one year	—	5,716	—			
YC	Unsecured, interest-free and repayable after one year	1,308	—	—			
		<u>1,308</u>	<u>5,716</u>	<u>—</u>			

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The pledged bank deposits of the Group are pledged to banks for securing the performance bonds issued by the banks to the Group's customers on behalf of the Group as a guarantee (see note 28). The bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The pledged bank deposits/bank balances carry interest at market rates which are as follows:

	At 31 March		
	2013	2014	2015
Range of interest rate per annum:			
Pledged bank deposits	2.5%–3%	2.4%–2.9%	2.3%–3.2%
Bank balances and cash	0.01%	0.01%	0.01%

22. CREDITORS AND ACCRUED CHARGES

	At 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Trade payables			
Due to third parties	14,655	20,725	16,161
Due to a related party — Concordia	<u>2,519</u>	<u>2,753</u>	<u>—</u>
	<u>17,174</u>	<u>23,478</u>	<u>16,161</u>
Retention payables	<u>4,843</u>	<u>6,027</u>	<u>8,590</u>
Other payables and accruals			
Accrued wages	3,156	3,027	1,753
Accrued operating expenses	387	669	268
Accrued subcontractors fees	9,614	1,809	—
Other payables (<i>note</i>)	<u>5,741</u>	<u>5,392</u>	<u>171</u>
	<u>18,898</u>	<u>10,897</u>	<u>2,192</u>
	<u>40,915</u>	<u>40,402</u>	<u>26,943</u>

Note: Included in other payables is an amount of HK\$2,949,000 as at 31 March 2013 and 2014 in respect of a litigation claim against a subsidiary of the Company.

During the year ended 31 March 2013, a litigation claim was lodged by a steel supplier of a subsidiary of the Company alleging that its contract for supplying steel to the subsidiary had been breached. As a response to the claim, the subsidiary placed a deposit of HK\$1,500,000 to the High Court of HKSAR in that year and the amount was included in deposits and prepaid expenses as at 31 March 2013 and 2014.

During the year ended 31 March 2015, the case was concluded and a final compensation of HK\$2,949,000 was awarded to the supplier by the High Court.

The credit period on trade purchases is 30 to 60 days.

Ageing analysis of the Group's trade payables based on invoice dates at the end of each reporting period is as follows:

	At 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Trade payables:			
0–30 days	9,636	11,113	7,982
31–60 days	5,130	8,762	6,891
61–90 days	74	862	147
Over 90 days	<u>2,334</u>	<u>2,741</u>	<u>1,141</u>
	<u>17,174</u>	<u>23,478</u>	<u>16,161</u>
	At 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Retention payables:			
Due within one year	986	1,023	675
Due after one year	<u>3,857</u>	<u>5,004</u>	<u>7,915</u>
	<u>4,843</u>	<u>6,027</u>	<u>8,590</u>

23. BANK BORROWINGS

The variable-rate bank borrowings and bank overdrafts are repayable as follows:

	At 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Carrying amount of bank loans that contain the repayable on demand clause and analysed based on scheduled repayment dates:			
— Within one year	1,701	1,761	1,824
— In the second year	1,761	1,824	1,889
— In the third to fifth years inclusive	<u>4,847</u>	<u>3,022</u>	<u>1,133</u>
	8,309	6,607	4,846
Unsecured bank overdrafts	214	—	—
Less: On demand or amount due within one year shown under current liabilities	<u>(8,523)</u>	<u>(6,607)</u>	<u>(4,846)</u>
Amount shown under non-current liabilities	<u>—</u>	<u>—</u>	<u>—</u>

The variable-rate bank borrowings were secured by a personal guarantee of HK\$9,000,000 from YC and his wife and carry interest at the 1.5% per annum below the Best Lending Rate offered by the bank.

The effective interest rates (which are also equal to contracted interest rates) of the Group's borrowings are as follow:

	At 31 March		
	2013	2014	2015
Variable-rate borrowings per annum	<u>3.5%</u>	<u>3.5%</u>	<u>3.5%</u>

24. SHARE CAPITAL

For the purpose of preparation of the consolidated statements of financial position, the balances of share capital at 31 March 2013 and 2014 represent the amount of share capital of Peako and Concentric. On 17 November 2014, 2,000,000 ordinary shares of Peako of HK\$1 each and 2,200,000 ordinary shares of Concentric of HK\$1 each were allotted and issued to the then shareholders of Peako and Concentric for cash, resulting in fully paid share capital of HK\$18,800,000 for Peako and HK\$14,800,000 for Concentric.

Details of the movement of the share capital of the Company are as follows:

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 12 November 2014 (date of incorporation) and 31 March 2015	<u>200,000,000,000</u>	<u>2,000,000,000</u>
Issued and fully paid:		
Issue of new share at date of incorporation	1	—
Issue of shares on 13 November 2014	<u>9,999</u>	<u>100</u>
At 31 March 2015	<u>10,000</u>	<u>100</u>

The Company was incorporated on 12 November 2014 with limited liability in the Cayman Islands with an authorised share capital of HK\$2,000,000,000 divided into 200,000,000,000 ordinary shares with a par value of HK\$0.01 per share. 1 share was allotted and issued to the subscriber, which was transferred to Jade Vantage on 12 November 2014. 9,999 ordinary shares were allotted and issued to Jade Vantage on 13 November 2014 at par.

Wit Plus was incorporated on 6 October 2014 with limited liability in the BVI. On 30 December 2014, the authorised share capital of Wit Plus was US\$50,000, divided into 50,000 ordinary shares of par value of US\$1 each, of which 1 share was allotted and issued to the Company as the initial subscriber.

Keytime was incorporated on 16 October 2014 with limited liability in the BVI. On 30 December 2014, the authorised share capital of Keytime was US\$50,000, divided into 50,000 ordinary shares of par value of US\$1 each, of which 1 share was allotted and issued to the Company as the initial subscriber.

On 31 December 2014, the Company through Wit Plus acquired 7,400,000 shares and 7,400,000 shares at HK\$1 each in the share capital of Concentric from Mr. YC Lo and Ms. Vera Lo, representing 50% and 50% of the issued share capital of Concentric, by the allotment and issue of 2,500 shares of US\$1 each and 2,500 shares of US\$1 each of Jade Vantage, respectively.

On the same date, the Company through Keytime acquired 3,760,000 shares and 15,040,000 shares at HK\$1 each in the share capital of Peako from Mr. Ronnie Lo and Ms. Savonne Lo, representing 20% and 80% of the issued share capital of Peako, by the allotment and issue of 1,000 shares of US\$1 each and 4,000 shares of US\$1 each of Jade Vantage, respectively.

25. OPERATING LEASE COMMITMENTS**The Group as lessee**

At the end of respective reporting periods, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	At 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Within one year	334	792	930
In the second to fifth year inclusive	148	439	113
	482	1,231	1,043

The leases are generally negotiated for a lease term of 2 years at fixed rentals.

26. RETIREMENT BENEFIT PLANS

The Group operates a MPF Scheme for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of 5% of relevant payroll costs monthly to the MPF Scheme, subject to a maximum amount of HK\$1,000 before 1 June 2012 and HK\$1,250 from 1 June 2012 to 31 May 2014 and HK\$1,500 from 1 June 2014 per month for each employee, which contribution is matched by employees. The total contribution to MPF Schemes amounted to HK\$1,754,000, HK\$1,414,000 and HK\$1,809,000 for the years ended 31 March 2013, 2014 and 2015, respectively.

27. RELATED PARTY DISCLOSURES**(I) Transactions**

The Group had the following transactions with related parties during the Relevant Periods:

Name of related parties	Nature of transaction	Year ended 31 March		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Concordia	Administrative charges (<i>note a</i>)	(88)	(258)	(162)
	Subcontracting fees (<i>note b</i>)	(530)	(234)	—
C&P (Holdings) Hong Kong Limited	Rental expense (<i>note c</i>)	—	—	(65)
		—	—	—

Notes:

- (a) Administrative charges represent expenses paid/payable by a subsidiary of the Company for certain administrative functions provided by Concordia for a construction project of the Group.
- (b) Subcontracting fees represent expenses paid/payable by the Group for subcontracting works provided by Concordia for certain construction projects of the Group.
- (c) The Group occupied the premises which are owned by C&P (Holdings) Hong Kong Limited as office free of charge of rental for the years ended 31 March 2013 and 2014. In November 2014, the Group entered into a written tenancy agreement for a term of two years at a monthly rent of HK\$13,000.

(II) Balances and other transactions

Details of balances with a director, shareholders, joint operations and other transactions with related parties are set out in notes 18, 19, 20 and 22. A personal guarantee provided by YC and his wife is disclosed in note 23.

(III) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management was as follows:

	Year ended 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Short term benefits	6,885	5,532	9,124
Post-employment benefits	<u>61</u>	<u>53</u>	<u>66</u>
	<u>6,946</u>	<u>5,585</u>	<u>9,190</u>

28. PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured by other deposits and pledged bank deposits (see notes 18 and 21). The performance bonds are released when the construction contracts are completed or substantially completed.

At the end of each reporting period, the Group had outstanding performance bonds as follows:

	At 31 March		
	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000
Issued by the Group's banks	8,760	13,489	15,985
Issued by insurance institution	<u>—</u>	<u>2,440</u>	<u>2,440</u>
	<u>8,760</u>	<u>15,929</u>	<u>18,425</u>

In addition to a pledged bank deposit, the Group has also provided a guarantee for a performance bond included above of HK\$8,700,000 in respect of a construction contract undertaken by a joint operation to a financial institution as at 31 March 2013 and 2014. Such guarantee was released in January 2015.

The fair value of the financial guarantee contract was determined based on the present value of expected payments when default occurs, where the main assumptions are the probability of default by the specific counterparty and the expected loss, given a default. In the opinion of the management of the Group, the fair value of the financial guarantee contract of the Group is insignificant at initial recognition and the management of the Group considered that the possibility of default of the parties involved was remote. Accordingly, no value has been recognised in the consolidated statement of financial position.

29. JOINT OPERATIONS

Particulars of the Group's material joint operations at the end of each reporting period are as follows:

Name of joint operation	Place of establishment and operation	Form of business structure	Equity interest attributable to the Group			Principal activities
			2013	2014	2015	
Concentric — Hong Kong River	Hong Kong	Unincorporated	51.00%	51.00%	51.00%	Construction and civil engineering
Paul Y — Concentric	Hong Kong	Unincorporated	49.00%	49.00%	49.00%	Construction and civil engineering
Penta Ocean — Concentric — Alchmex	Hong Kong	Unincorporated	26.00%	26.00%	26.00%	Construction and civil engineering

30. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2014, dividends amounting to HK\$20,160,000 declared by Peako and HK\$12,600,000 declared by Concentric were settled via an account with a shareholder and an account with a director respectively.

During the year ended 31 March 2014, amount due from a related party and amount due from a director of HK\$9,500,000 and HK\$6,000,000, respectively, were settled via an account with a shareholder. In addition, an amount due from a shareholder of HK\$1,876,000 was settled via an account with a director.

During the year ended 31 March 2015, amount due from a related party of HK\$3,500,000 was settled via an account with a shareholder.

B. FINANCIAL INFORMATION OF THE COMPANY

The Company had the following assets and liabilities as at 31 March 2015:

	<i>HK\$'000</i>
Non-current assets	
Investments in subsidiaries	<u>—</u>
Current asset	
Bank balances	<u>30</u>
Current liabilities	
Accrued charges	125
Amounts due to subsidiaries (<i>note</i>)	<u>2,104</u>
	<u>2,229</u>
Net current liabilities	<u>(2,199)</u>
Total assets less current liabilities/net liabilities	<u>(2,199)</u>
Capital and reserve	
Share capital	—
Accumulated loss	<u>(2,199)</u>
	<u>(2,199)</u>

Note: The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

C. HOLDING COMPANY

In the opinion of the directors of the Company, the Company's ultimate holding company is Jade Vantage, which is a private limited company incorporated in the British Virgin Islands.

D. SUBSEQUENT EVENTS

The following transactions took place subsequent to 31 March 2015:

On 3 June 2015, written resolutions of the sole shareholder of the Company was passed to approve the matters set out in the paragraph headed "Written resolutions of our sole shareholder passed on 3 June 2015" in Appendix IV of the Prospectus. It was resolved, among other things:

- (i) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company's shares. No share has been granted since the adoption of the scheme. The principal terms of the share option scheme are summarised in the section headed "Share Option Scheme" in Appendix IV to the Prospectus; and
- (ii) conditional on the share premium account of the Company being credited as a result of the 100,000,000 new shares being offered for subscription, the directors of the Company were authorised to capitalise an amount of HK\$2,999,900 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 299,990,000 shares for allotment and issue to the persons whose names appear on the principal register of members of the Company at the close of business on 3 June 2015 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in the Company, each ranking pari passu in all respects with the then existing issued shares, and the directors of the Company were authorised to give effect to such capitalisation and distributions.

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31 March 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for the three years ended 31 March 2015 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, our Company's Reporting Accountants, as set out in Appendix I to this prospectus (the "Accountants' Report"), and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of the Group as if the Share Offer had taken place on 31 March 2015.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group as at 31 March 2015 or any future date following the Share Offer.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group as at 31 March 2015 as shown in the accountants' report on the financial information for each of the three years ended 31 March 2013, 2014 and 2015 of the Group (the "Accountants' Report"), the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group as at 31 March 2015	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>Note 1</i>	<i>Note 2</i>		<i>Note 3</i>
Based on a minimum Offer Price of HK\$0.50 per Share	141,843	39,856	181,699	0.45
Based on a maximum Offer Price of HK\$0.80 per Share	141,843	68,956	210,799	0.53

Notes:

- (1) The amount is calculated based on the audited consolidated net assets of the Group as at 31 March 2015 of HK\$141,843,000, extracted from the Accountants' Report of the Group set out in Appendix I to this prospectus.

- (2) The estimated net proceeds from the Share Offer are based on 100,000,000 Shares to be issued at a minimum Offer Price of HK\$0.50 or a maximum Offer Price of HK\$0.80 per Share, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by the Group subsequent to 31 March 2015 and does not take into account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any Shares which may be issued or repurchased pursuant to the Company's general mandate.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is arrived at on the basis of 400,000,000 Shares in total, assuming that 399,990,000 Shares to be issued pursuant to the Share Offer and Capitalisation Issue had been completed on 31 March 2015. It is without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option, or any Shares which may be issued or repurchased pursuant to the Company's general mandate.
- (4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 March 2015.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF MAN KING HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Man King Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 March 2015 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 19 June 2015 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Share Offer on the Group's financial position as at 31 March 2015 as if the Share Offer had taken place at 31 March 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended 31 March 2015, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 June 2015

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 November 2014 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles").

1 MEMORANDUM OF ASSOCIATION

The Memorandum of Association was conditionally adopted on 3 June 2015 and effective on the Listing Date and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection as referred to in the paragraph headed in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus.

2 ARTICLES OF ASSOCIATION

The Articles of Association were conditionally adopted on 3 June 2015 and effective on the Listing Date and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The authorised share capital of the Company at the date of adoption of the Articles of Association is HK\$2,000,000,000 divided into 200,000,000,000 ordinary shares of HK\$0.01 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum of Association and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any

shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof is, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the articles of association of the Company expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the articles of association of the Company or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the articles of association of the Company and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the articles of association of the Company, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person,

company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum of Association or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting

and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution — majority required

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of that business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members

of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may

from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the

capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 November 2014 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of not less than two-thirds (or such greater number as may be specified in the articles of association of the company) of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if

the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company obtained an undertaking from the Governor in Cabinet:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking is for a period of twenty years from 25 November 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the sub-section headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 November 2014. It has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 17 December 2014. Our principal place of business in Hong Kong is Unit D, 10/F, Skyline Tower, 18 Tong Mi Road, Mongkok, Kowloon, Hong Kong. Mr. YC Lo and Mr. Wan Ho Yin have been appointed as authorised representatives of our Company for the acceptance of service of processes and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its registered place of business in Hong Kong.

Since our Company is incorporated in the Cayman Islands, it is subject to the relevant laws of the Cayman Islands, and its Memorandum of Association and the Articles of Association. A summary of the relevant aspects of the Companies Law and relevant provisions of the Articles of Association is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company*Share Capital after the Share Offer and the Capitalisation Issue*

Immediately following completion of the Share Offer and the Capitalisation Issue, on the assumption that the Offer Size Adjustment Option is not exercised, the authorised share capital of our Company will be HK\$2,000,000,000.00 divided into 200,000,000,000 Shares, of which 400,000,000 Shares will be issued fully paid or credited as fully paid, and 199,600,000,000 Shares will remain unissued. Other than under the general mandate to issue Shares (referred to in the paragraph headed “Written resolutions of our sole Shareholder passed on 3 June 2015” in this Appendix), the Share Option Scheme and the Offer Size Adjustment Option, we have no present intention to issue any of the authorised, but unissued, share capital of our Company and, without prior approval of our Shareholders in general meeting, no Shares will be issued which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in our Company’s share capital since its incorporation.

3. Written resolutions of our sole Shareholder passed on 3 June 2015

By written resolutions of our sole Shareholder passed on 3 June 2015:

- (a) our Company approved and adopted the Memorandum and the Articles to be effective upon the Listing Date;
- (b) conditional on the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and Shares to be issued as mentioned in this prospectus including any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and the Offer Size Adjustment Option, and on the obligations of the Underwriters under the Underwriting Agreements

becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements, in each case on or before the date falling 30 days after the date of this prospectus:

- (i) the Share Offer and the Offer Size Adjustment Option were approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer and any Shares which may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option; and
 - (ii) the Share Option Scheme was approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme; and
 - (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of HK\$2,999,900 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 299,990,000 Shares for allotment and issue to the persons whose names appear on the principal register of members of our Company at the close of business on 3 June 2015, each ranking *pari passu* in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation;
- (c) a general unconditional mandate was given to our Directors to allot, issue and deal with Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; and
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;

- (d) a general unconditional mandate was given to our Directors authorising them to repurchase on the Stock Exchange such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; and
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (e) the general unconditional mandate mentioned in sub-paragraph (c) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (d) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be allotted and issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme.

4. Corporate reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the listing of our Shares on the Stock Exchange, whereby our Company became the holding company of our Group.

The Reorganisation which was effected in preparation for the Listing included the following major steps:

- (a) On 30 July 2014, Jade Vantage Holdings Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each.
- (b) On 6 October 2014, Wit Plus Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each.
- (c) On 16 October 2014, Keytime Developments Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each.

- (d) On 5 November 2014, 13,440 shares, 3,360 shares, 6,300 shares and 6,300 shares of Jade Vantage Holdings Limited, all credited as fully paid, were allotted and issued to Mrs. Savonne Lo, Mr. Ronnie Lo, Mr. YC Lo and Mrs. Vera Lo, respectively.
- (e) On 12 November 2014, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$2,000,000,000.00 divided into 200,000,000,000 ordinary shares with a par value of HK\$0.01 per share. One share was allotted and issued to the subscriber to the memorandum and articles of association of our Company, which was transferred to Jade Vantage Holdings Limited on 12 November 2014. 9,999 ordinary shares were allotted and issued to Jade Vantage Holdings Limited on 13 November 2014 at par.
- (f) On 30 December 2014, a further 2,560 shares, 640 shares, 3,700 shares and 3,700 shares of Jade Vantage Holdings Limited, all credited as fully paid at par, were allotted and issued to Mrs. Savonne Lo, Mr. Ronnie Lo, Mr. YC Lo and Mrs. Vera Lo, respectively. As a result, Mrs. Savonne Lo, Mr. Ronnie Lo, Mr. YC Lo and Mrs. Vera Lo hold 40%, 10%, 25% and 25% of the entire issued share capital of Jade Vantage Holdings Limited, respectively.
- (g) On 30 December 2014, one share, representing 100% of the issued share capital of Keytime Developments Limited, were allotted and issued to our Company at par credited as fully paid.
- (h) On 30 December 2014, one share, representing 100% of the issued share capital of Wit Plus Limited, were allotted and issued to our Company at par credited as fully paid.
- (i) On 31 December 2014, Mrs. Savonne Lo and Mr. Ronnie Lo transferred all their respective shares in Peako to Keytime Developments Limited in consideration for the allotment and issuance of 4,000 shares and 1,000 shares of Jade Vantage Holdings Limited, all credited as fully paid, to Mrs. Savonne Lo and Mr. Ronnie Lo, respectively.
- (j) On 31 December 2014, Mr. YC Lo and Mrs. Vera Lo transferred all their respective shares in Concentric to Wit Plus Limited in consideration for the allotment and issuance of 2,500 shares and 2,500 shares of Jade Vantage Holdings Limited, all credited as fully paid, to Mr. YC Lo and Mrs. Vera Lo, respectively.

Immediately after the completion of items (i) and (j) above, our Company became the holding company of our Group.

5. Changes in share capital of subsidiaries

The following alterations in the share capital of our subsidiaries took place within the two years immediately preceding the date of this prospectus:

Keytime Developments Limited

On 16 October 2014, Keytime Developments Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each.

On 30 December 2014, director's resolutions were passed to approve, among other things, the allotment and issue of one share to our Company at par.

Wit Plus Limited

On 6 October 2014, Wit Plus Limited was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each.

On 30 December 2014, director's resolutions were passed to approve, among other things, the allotment and issue of one share to our Company at par.

Peako

On 17 November 2014, Peako allotted and issued 1,600,000 shares and 400,000 shares, all credited as fully paid, to Mrs. Savonne Lo and Mr. Ronnie Lo at a consideration of HK\$1,600,000 and HK\$400,000, respectively. As a result, Peako had 18,800,000 issued shares. Mrs. Savonne Lo and Mr. Ronnie Lo held 15,040,000 shares and 3,760,000 shares in Peako, respectively.

On 31 December 2014, 15,040,000 ordinary shares (or 80%) of Peako from Mrs. Savonne Lo and 3,760,000 ordinary shares (or 20%) of Peako from Mr. Ronnie Lo were transferred to Keytime Developments Limited in consideration of the allotment and issuance of 4,000 shares and 1,000 shares with a par value of US\$1.00 each in the capital of Jade Vantage Holdings Limited, all credited as fully paid, to Mrs. Savonne Lo and Mr. Ronnie Lo, respectively.

Concentric

On 17 November 2014, Concentric allotted and issued 1,100,000 shares and 1,100,000 shares, all credited as fully paid, to Mr. YC Lo and Mr. Vera Lo at a consideration of HK\$1,100,000 and HK\$1,100,000, respectively. As a result, Concentric had 14,800,000 issued shares. Mr. YC Lo and Mrs. Vera Lo each held 7,400,000 shares in Concentric.

On 31 December 2014, 7,400,000 ordinary shares (or 50%) of Concentric each from Mr. YC Lo and Mrs. Vera Lo were transferred to Wit Plus Limited in consideration of the allotment and issuance of 2,500 shares and 2,500 shares with a par value of US\$1.00 each in the capital of Jade Vantage Holdings Limited, all credited as fully paid, to Mr. YC Lo and Mrs. Vera Lo, respectively.

Save as disclosed above and as mentioned in the paragraph headed “Corporate reorganisation” in this Appendix, no other alteration in the share capital of any of the subsidiaries of our Company took place within the two years immediately preceding the date of this prospectus.

6. Repurchase of our Shares by our Company

This section includes information required by the Stock Exchange to be included in the prospectus concerning the repurchase of our Shares by our Company.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with primary listings on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, some of which are set out below:

(i) Shareholders’ approval

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

Note: Pursuant to the written resolutions of our sole Shareholder passed on 3 June 2015, a general unconditional mandate (the “Repurchase Mandate”) was given to our Directors authorising our Directors to exercise all powers of our Company to purchase on the Stock Exchange, or any other stock exchange on which our Shares may be listed and recognised by the SFC in Hong Kong and the Stock Exchange for this purpose, Shares representing up to 10% of the total nominal amount of our Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by law or the Articles to be held, or when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles, the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time our Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Trading Restrictions

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Suspension of Repurchase

Pursuant to the Listing Rules, a listed company may not make any repurchases of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required by the Listing Rules); and (b) the deadline for a listed company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange unless the circumstances are exceptional.

(v) Reporting Requirement

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vi) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person" (as defined in the Listing Rules) and a core connected person is prohibited from knowingly selling his securities to the company on the Stock Exchange.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchase

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

Our Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

Exercise in full of the current repurchase mandate, on the basis of 400,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue and assuming the Offer Size Adjustment Option is not exercised, could accordingly result in up to approximately 40,000,000 Shares being repurchased by our Company during the Relevant Period.

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers and Share Buy-backs (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made by our Company since its incorporation.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:




- (a) an instrument of transfer dated 31 December 2014 entered into between Mr. YC Lo and Wit Plus Limited for the transfer of 7,400,000 shares of Concentric from Mr. YC Lo to Wit Plus Limited, the consideration being the issue and allotment of an aggregate of 2,500 ordinary shares with a par value of US\$1.00 each in the capital of Jade Vantage Holdings Limited to Mr. YC Lo, all credited as fully paid;
- (b) an instrument of transfer dated 31 December 2014 entered into between Mrs. Vera Lo and Wit Plus Limited for the transfer of 7,400,000 shares of Concentric from Mrs. Vera Lo to Wit Plus Limited, the consideration being the issue and allotment of an aggregate of 2,500 ordinary shares with a par value of US\$1.00 each in the capital of Jade Vantage Holdings Limited to Mrs. Vera Lo, all credited as fully paid;
- (c) an instrument of transfer dated 31 December 2014 entered into between Mr. Ronnie Lo and Keytime Developments Limited for the transfer of 3,760,000 shares of Peako from Mr. Ronnie Lo to Keytime Developments Limited, the consideration being the issue and allotment of an aggregate of 1,000 ordinary shares with a par value of US\$1.00 each in the capital of Jade Vantage Holdings Limited to Mr. Ronnie Lo, all credited as fully paid;
- (d) an instrument of transfer dated 31 December 2014 entered into between Mrs. Savonne Lo and Keytime Developments Limited for the transfer of 15,040,000 shares of Peako from Mrs. Savonne Lo to Keytime Developments Limited, the consideration being the issue and allotment of an aggregate of 4,000 ordinary shares with a par value of US\$1.00 each in the capital of Jade Vantage Holdings Limited to Mrs. Savonne Lo, all credited as fully paid;

- (e) a sale and purchase agreement dated 31 December 2014 entered into between Mr. YC Lo (as vendor and warrantor), Mrs. Vera Lo (as vendor and warrantor), Jade Vantage Holdings Limited (as purchaser), our Company, Wit Plus Limited, Concentric, Mr. Ronnie Lo (as warrantor) and Mrs. Savonne Lo (as warrantor), pursuant to which Jade Vantage Holdings Limited agreed to acquire 7,400,000 shares and 7,400,000 shares of Concentric from Mr. YC Lo and Mrs. Vera Lo respectively, and as consideration, 2,500 ordinary shares and 2,500 ordinary shares in the capital of Jade Vantage Holdings Limited were issued and allotted to Mr. YC Lo and Mrs. Vera Lo respectively, all credited as fully paid;
- (f) a sale and purchase agreement dated 31 December 2014 entered into between Mr. Ronnie Lo (as vendor and warrantor), Mrs. Savonne Lo (as vendor and warrantor), Jade Vantage Holdings Limited (as purchaser), our Company, Keytime Developments Limited, Peako, Mr. YC Lo (as warrantor) and Mrs. Vera Lo (as warrantor), pursuant to which Jade Vantage Holdings Limited agreed to acquire 3,760,000 shares and 15,040,000 shares from Mr. Ronnie Lo and Mrs. Savonne Lo respectively, and as consideration, 1,000 ordinary shares and 4,000 ordinary shares in the capital of Jade Vantage Holdings Limited were issued and allotted to Mr. Ronnie Lo and Mrs. Savonne Lo respectively, all credited as fully paid;
- (g) the Deed of Non-competition;
- (h) the Deed of Indemnity; and
- (i) the Public Offer Underwriting Agreement.

2. Our Intellectual Property Rights

Trademark

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks, the registrations of which have not yet been granted:

Trademark	Intended place of registration	Application number	Classes intended to be registered	Applicant
	Hong Kong	303248820	37, 42 (<i>Note 1, 2</i>)	our Company
 Peako 必高工程	Hong Kong	303248839	37, 42 (<i>Note 1, 2</i>)	Peako
 Concentric 協力建業	Hong Kong	303248848	37, 42 (<i>Note 1, 2</i>)	Concentric

Notes:

1. Class 37: construction; building construction supervision; road paving; drilling; grouting (construction services); piling services; civil engineering services; construction, maintenance, restoration of buildings, roads, bridges, dams, airports, maritime ports, power generators, building structures, pavings, and drainage, lighting, electricity and water installations; site formation, excavation, dredging, ground investigation and improvement; conducting construction foundation works; selection of sites for construction purposes; advisory services relating to methods and costs of construction; management of construction projects; construction of electricity, heating, ventilation, solid waste disposal, cabling and ducting installations, alarm and surveillance systems, fire services and other mechanical and electrical works within any building or other civil engineering structures; construction engineering, installation, maintenance and repair of buildings, plants, power stations, swimming pools, tennis and squash courts and courts for other sports, playground, gymnasiums, stadiums, railways, walkways, tunnels, runways, waterways, sea and river walls, docks and other marine constructions, subterranean works, barrages, sewerage facilities and transmission lines; installing water supply, lighting, drainage, sewage and waste water treatment, gas supply, electrical, security and communications apparatus in buildings; installing conduits, wiring, pipes, installation services of escalators, shutters, gates, signs, paving for buildings and maintenance and repair thereof; installation services of sky lights, ceiling and flooring systems, partitions, signage for buildings and maintenance and repair thereof; glazing; demolition and dismantling of constructions and machinery; project management services for buildings and civil engineering works; preparation of reports for construction purposes; port works.
2. Class 42: engineering consultancy services; design of foundation, geotechnical works, buildings or other structures and building materials or civil engineering works; engineering drawing; inspection of buildings; inspection of plant and machinery.

As at the Latest Practicable Date, our Group has registered the following domain name:

Domain name	Registration date	Expiry date
www.manking.com.hk	20 November 2014	19 November 2015

C. FURTHER INFORMATION ABOUT OUR SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Disclosure of interests

(a) Interests of Directors and the chief executive of our Company

Immediately following the completion of the Share Offer and the Capitalisation Issue but taking no account of our Shares to be issued pursuant to options which may be granted under the Share Option Scheme or pursuant to the exercise of the Offer Size Adjustment Option, the interests and short positions of our Directors or chief executive of our Company in our Shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which, once our Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) which or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange, will be as follows:

(i) Long position

Name of Director	Name of Group member/associated corporation	Capacity/Nature	No. of Shares held	Percentage of shareholding
Mr. YC Lo	our Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%
Mr. Ronnie Lo	our Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%
Mr. YC Lo	Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in spouse	50,000, of US\$1.00 each	100%
Mr. Ronnie Lo	Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in spouse	50,000, of US\$1.00 each	100%

Note: Jade Vantage Holdings Limited, which owns 75% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. YC Lo, Mr. Ronnie Lo and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 Shares. By virtue of the SFO, Mr. YC Lo and Mr. Ronnie Lo are deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.

(b) Substantial shareholders and other interests discloseable under the SFO

So far as is known to our Directors and taking no account of any Shares which may be taken up under the Share Offer and Shares to be issued pursuant to options which may be granted under the Share Option Scheme or pursuant to the exercise of the Offer Size Adjustment Option, the following persons will, immediately following the completion of the Share Offer and the Capitalisation Issue have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company:

Long position

Name	Nature of interest	No. of Shares held	Percentage of shareholding
LOs Brothers (PTC) Limited	Interest in a controlled corporation	300,000,000	75%
Jade Vantage Holdings Limited	Beneficial owner	300,000,000	75%
Mr. YC Lo	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%
Mr. Ronnie Lo	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%
Mrs. Vera Lo	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%
Mrs. Savonne Lo	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	75%

Note: Jade Vantage Holdings Limited, which owns 75% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. YC Lo, Mr. Ronnie Lo and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 Shares. By virtue of the SFO, Mr. YC Lo and Mr. Ronnie Lo are deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.

As at the Latest Practicable Date, so far as is known to our Directors, other than our Company, no other persons were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries.

2. Directors' service agreements

Each of our executive Directors has entered into a service contract with our Company. The terms and conditions of each of such service contracts are similar in all material respects. The service contracts are initially for a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months written notice to the other party. Each of these executive Directors is entitled to the respective basic annual remuneration set out below.

Name	Amount (HK\$)
Mr. YC Lo	3,500,000
Mr. Ronnie Lo	2,500,000

Our only non-executive Directors has been appointed for an initial term of two years commencing from the Listing Date. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. The non-executive Director is entitled to a director's fee of HK\$480,000 per annum.

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from the Listing Date. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of the independent non-executive Directors is entitled to a director's fee of HK\$168,000 per annum. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as disclosed above, no Director has entered into any service agreement with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' remuneration

- (a) The aggregate amount of remuneration (including salaries, allowances and benefits in kinds, pension scheme contributions) paid to our Directors by our Group in respect of the three years ended 31 March 2013, 2014 and 2015 were approximately HK\$2.5 million, HK\$1.1 million and HK\$4.4 million respectively.
- (b) There was no arrangement under which a director waived or agreed to waive any remuneration for any of the years ended 31 March 2013, 2014 and 2015.

- (c) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 March 2016 will be approximately HK\$7.0 million.
- (d) During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the financial years within the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

4. Fees or commission received

Save as disclosed in the paragraph headed “Commission and expenses” in the section headed “Underwriting” of this prospectus, none of our Directors or the experts named in the paragraph headed “Consents of experts” in this Appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Connected and related party transactions

Details of the related party transactions are set out under the section headed “Connected Transactions” in this prospectus and note 27 to the accountants’ report set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;
- (b) none of our Directors or the experts named in the paragraph headed “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

- (d) taking no account of Shares which may be issued pursuant to options which may be granted under the Share Option Scheme or pursuant to the exercise of the Offer Size Adjustment Option, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer and the Capitalisation Issue, have any interest in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (e) none of our Directors or chief executive of our Company has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of the SFO) which, once our Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he will be taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listing Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange; and so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by written resolutions of our sole Shareholder on 3 June 2015. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affective the interpretation of the rules of the Share Option Scheme. For the purpose of this section, references to “Board” shall mean the board of Directors or a committee thereof appointed for the purpose of administering the Share Option Scheme; references to “Participant” shall mean any director (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of any member of our Group and any advisers, consultants, contractors, subcontractors, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of our Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group; references to “Grantee” shall mean any Participants who accepts an offer of the grant of an option in accordance with the terms of the Share Option Scheme or (where the context so permits) any person who is entitled to any such option in consequence of the death of the original Grantee, or the legal representative of such person.

(i) Purpose

The purpose of the Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in our Company and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and its Shareholders as a whole. The Share Option Scheme will provide our Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

(ii) Who may join

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Participants as the Board may in its absolute discretion select.

(iii) Administration

The Share Option Scheme shall be subject to the administration of the Board. The Board shall have the right to:

- (a) interpret and construe the provisions of the Share Option Scheme;
- (b) determine the persons who will be offered options under the Share Option Scheme, the number of Shares and the subscription price, subject to paragraph (vi) below, in relation to such options;
- (c) subject to paragraphs (xiv) and (xv) below, make such appropriate and equitable adjustments to the terms of the options granted under the Share Option Scheme as it deems necessary; and
- (d) make such other decisions or determinations as it shall deem appropriate in the administration of the Share Option Scheme.

(iv) Grant of options

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to directors, chief executives and substantial shareholders of our Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to make an offer for the grant of an option to any Participant as the Board may in its absolute discretion select. The offer shall specify the terms on which the option is granted. Such terms may include any minimum periods for which an option must be held and/or any minimum performance targets that must be reached, before the options can be exercised in whole or in part, and may include at the discretion of the Board other terms imposed (or not imposed) either on a case by case basis or generally.

No offer shall be made and no option shall be granted to any Participant after inside information has come to our Company's knowledge until it has announced the information. In particular, our Company shall not grant any option during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's results for any year, half year, quarter or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for our Company to publish an announcement of, its results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, the period during which no options shall be granted mentioned above shall include any period of delay in the publication of a results announcement.

(v) Payment on acceptance of option offer

An offer shall remain open for acceptance by the Participant concerned for a period of 14 days from the date of the offer. HK\$1.00 is payable by the Grantee to our Company on acceptance of the offer of the option.

(vi) Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the offer of new Shares shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

(vii) Option period

The period within which the Shares must be taken up under an option shall be the period of time to be notified by the Board to each Grantee at the time of making an offer, which shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

(viii) Rights are personal to grantee

An option shall be personal to the Grantee and shall not be assignable or transferable.

(ix) Rights attaching to Shares allotted

The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the Memorandum and Articles of Association of our Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of our Company. Prior to the Grantee being registered on the register of members of our Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of the Shares to be issued upon the exercise of the option.

(x) Exercise of option

Subject to the terms and conditions upon which an option is granted, an option may be exercised by the Grantee at any time during the option period, provided that:

- (a) in the event the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant for any reason other than (1) his or her death or (2) on one or more of the grounds of termination of employment or engagement specified in paragraph (xi)(f) below, the option shall lapse on the date of cessation of such employment or engagement and not be exercisable unless the Board otherwise determines in which event the option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not be a director of any member of our Group) shall be the last actual working day on which the Grantee was physically at work with our Company or the relevant subsidiary, whether salary is paid in lieu of notice or not;
- (b) in the event the Grantee dies before exercising the option in full and none of the events for termination of employment or engagement under paragraph (xi)(f) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the option up to the entitlement of such Grantee as at the date of death;
- (c) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (x)(d) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company;

- (d) if a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company);
- (e) in the event a notice is given by our Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option; and
- (f) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (x)(d) above, between our Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by our Company exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

(xi) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the option period;
- (b) the date or the expiry of the periods for exercising the option as referred to in paragraph (x) above;
- (c) subject to the scheme of arrangement (referred to in paragraph (x)(d) above) becoming effective, the expiry of the period for exercising the option as referred to in paragraph (x)(d) above;

- (d) subject to paragraph (x)(e) above, the date of the commencement of the winding-up of our Company;
- (e) the date on which the Grantee commits a breach of paragraph (viii) above;
- (f) the date on which the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty, or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (g) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;
- (h) where the Grantee is an employee, director, officer or contract consultant of a member of our Group (other than our Company), the date on which such member ceases to be a subsidiary; and
- (i) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph (x)(a) or (b) above, the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason.

Transfer of employment or engagement or relationship from one member of our Group to another member of our Group shall not be considered as a cessation of employment, engagement or relationship.

(xii) Cancellation of option

Any options granted but not exercised may be cancelled if the Grantee so agrees and new options may be granted to the Grantee provided such new options are granted within the limits prescribed by paragraph (xiii) below and otherwise comply with the terms of the Share Option Scheme.

(xiii) Maximum number of Shares subject to options

- (a) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (“Scheme Limit”);

- (b) The Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 40,000,000 Shares, representing 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Stock Exchange and any Shares which may be allotted and issued by our Company pursuant to the Offer Size Adjustment Option (the “Scheme Mandate Limit”). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit;
- (c) Our Company may refresh the Scheme Mandate Limit at any time subject to prior Shareholders’ approval. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders’ approval. Options previously granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled, lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the limit as refreshed;
- (d) Our Company may also seek separate Shareholders’ approval for granting options beyond the Scheme Mandate Limit to Participants specifically identified by our Company before the aforesaid Shareholders’ meeting where such approval is sought;
- (e) The total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised, cancelled and outstanding options) in any 12 month period shall not exceed 1% of the Shares in issue (the “Individual Limit”). Any further grant of options to a Participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of grant of such further options exceeding the Individual Limit shall be subject to Shareholders’ approval in advance with such Participant and his close associates (or his associates if such participant is a connected person) abstaining from voting; and
- (f) The maximum number of Shares referred to in this paragraph (xiii) shall be adjusted, in such manner as the auditors or the financial adviser of our Company retained for such purpose shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (xiv) below by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares, reduction of the share capital of our Company.

(xiv) Reorganisation of capital structure and special dividends

In the event of an alteration in the capital structure of our Company whilst any option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of our Company (other than an issue of Shares as consideration in a transaction), such corresponding alterations (if any) shall be made to: (i) the number or nominal amount of Shares subject to the option so far as unexercised; or (ii) the subscription price; or (iii) the method of exercise of the option; or any combination thereof, as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled, but so that no such adjustments be made to the extent that a Share would be issued at less than its nominal value.

(xv) Alteration of the Share Option Scheme

- (a) Subject to paragraph (xv)(b) below, the Board may amend any of the provisions of the Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date);
- (b) Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration of the terms of the Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules; and
- (c) Notwithstanding any approval obtained pursuant to paragraph (xv)(a) above, no amendment shall operate to adversely affect the terms of issue of any option granted or agreed to be granted prior to such amendment except with the consent or sanction in writing of such number of Grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the options granted under the Share Option Scheme, except where such amendment takes effect automatically under the existing terms of the Share Option Scheme.

(xvi) Termination of Share Option Scheme

Our Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options which are unexercised and unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

(xvii) Offers made to a director, chief executive or employee who is also substantial shareholder of our Company or any of their respective associates

Each grant of options to any director, chief executive or substantial shareholder of our Company (or any of their respective associates) (as the aforesaid terms are defined in rule 14A.06(2) of the Listing Rules) shall be subject to the prior approval of the independent non-executive directors of our Company (excluding any independent non-executive director who is a proposed recipient of the grant of options). Where any grant of options to a substantial shareholder or an independent non-executive director of our Company, or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12 month period (or such other period as may from time to time be specified by the Stock Exchange) up to and including the date of grant:

- (a) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million (or such other amount as may from time to time be specified by the Stock Exchange).

Such grant of options shall be subject to prior approval by the Shareholders (voting by way of poll). The Grantee, his associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting at such general meeting, except that any such person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(xviii) Conditions of Share Option Scheme

The Share Option Scheme shall take effect subject to:

- (a) the Listing Committee granting approval of the Share Option Scheme and the granting of options thereunder;

- (b) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options under the Share Option Scheme; and
- (c) the commencement of dealings in the Shares on the Stock Exchange.

(xix) **Present status of the Share Option Scheme**

As at the Latest Practicable Date, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 40,000,000 Shares in total.

E. OTHER INFORMATION

1. Tax and other indemnities

(i) *Tax on Dividends*

No tax is payable in Hong Kong in respect of dividends paid by us.

(ii) *Profits*

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profit tax, which is currently imposed at the rate of 16.5% on corporations and at a rate of 15.0% on unincorporated businesses.

Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(iii) *Stamp Duty*

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

(iv) Estate Duty

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006. The estate of a person who died before 11 February 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), and the Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including 15 July 2005 to 11 February 2006 with the principal value exceeding HK\$7.5 million shall be a nominal amount of HK\$100.

(v) Deed of Indemnity

Pursuant to the Deed of Indemnity given by each of our Controlling Shareholders in favour of our Company (and its subsidiaries) and conditional on the fulfilment of the conditions stated in the paragraph headed “Conditions of the Share Offer” in the section headed “Structure and Conditions of the Share Offer” in this prospectus, our Controlling Shareholders have unconditionally and irrevocably agreed and undertaken to each of the members of our Group on a joint and several basis that they would indemnify and at all times keep the same indemnified on demand from and against any taxation falling on any members of our Group resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on or before the Listing Date or any event, transaction, act or omission occurring or deemed to occur on or before the Listing Date whether alone or in conjunction with any other event, act or omission occurring or deemed to occur on or before the Listing Date and whether or not such taxation is chargeable against or attributable to any other person, firm or company. For the avoidance of doubt, the aforesaid provision shall require our Controlling Shareholders to indemnify and at all times keep each of the members of our Group indemnified, in each case, in respect of any additional taxation which may fall on our Company or any other member of our Group in respect of a taxation claim resulting from a reassessment or similar action by a taxation authority against any member of our Group of taxation due and whether or not such reassessment is effected in respect of taxation which our Company or any other members of our Group had previously reached agreement with a taxation authority.

Under the Deed of Indemnity, the Controlling Shareholders have also irrevocably and unconditionally agreed and undertaken to each of members of our Group on a joint and several basis that they would indemnify and at all times keep the same indemnified on demand from and against all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties payments, suits, and expenses associated, incurred or suffered by our Company or any members of our Group directly or indirectly in connection with:

- (a) any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings whether of criminal, administrative, contractual, tortious nature or otherwise instituted by or against our Company and/or any of the

member of our Group which was issued and/or accused and/or arising from any act, non-performance, omission or otherwise of our Company or any member of our Group on or before the Listing Date; and

- (b) any non-compliance with the applicable laws, rules or regulations by our Company and/or any of the member of our Group on or before the Listing Date, except that specific provision, reserve or allowance has been made for such liabilities in the audited consolidated accounts of our Company for the Track Record Period.

However, the indemnities given by our Controlling Shareholders under this section do not cover, and our Controlling Shareholders shall be under no liability in respect of, any liability on taxation and taxation claim:

- (a) to the extent that provision has been made in the audited consolidated accounts of our Group or the audited accounts of any of our Group members for an accounting period ended on or before 31 March 2015;
- (b) falling on any members of our Group in respect of any accounting period commencing on or after 31 March 2015 unless such liability would not have arisen but for some act or omission of, or transaction entered into by, our Controlling Shareholders or any members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than:
 - (i) in the ordinary course of business, on or before the Listing Date; or
 - (ii) pursuant to a legally binding commitment created on or before the date of the deed of indemnity or pursuant to any statement of intention made in this prospectus.
- (c) to the extent that such liability arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority (in Hong Kong or elsewhere), including without limitation the Inland Revenue Department, having retrospective effect coming into force after the Listing Date or to the extent that such liability arises or is increased by an increase in rates of taxation or other penalties after the Listing Date with retrospective effect;
- (d) to the extent that such liability is discharged by another person who is not a member of our Group and that none of the member of our Group is required to reimburse such person in respect of the discharge of such liability;

- (e) to the extent of any provision or reserve made for such liability in the audited accounts referred to in Clause (a) above which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce our Controlling Shareholders' liability in respect of such liability shall not be available in respect of any such liability arising thereafter; or
- (f) to the extent that provision, reserve or allowance has been made for such liability, Taxation or Taxation Claim in the audited accounts of our Company and the Subsidiaries for the three years ended 31 March 2015.

(vi) *Consultation with professional advisers*

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the tax implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares.

None of our Company, the Sponsor, the Underwriters, any of their respective directors, or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, or dealing in, the Shares.

2. Litigation

Save as disclosed in the sub-section headed "Business — Litigation, arbitration and potential claims" in this prospectus, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Sponsor

The Sponsor has, on behalf of our Company, made an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein and our Shares falling to be issued pursuant to the exercise of any options granted under the Share Option Scheme and the exercise of the Offer Size Adjustment Option. All necessary arrangements have been made to enable such shares to be admitted into CCASS.

The Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 3A.07 of the Listing Rules. The fees payable by us in respect of the Sponsor's services as sponsor for the Listing is HK\$4.5 million.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are estimated to be approximately HK\$61,000 and are payable by our Company.

5. Promoter

There is no promoter of our Company. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given, nor are any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Ample Capital Limited	A licensed corporation under the SFO to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities (as defined under the SFO)
Deloitte Touche Tohmatsu	Certified Public Accountants
Maples and Calder	Legal adviser to our Company as to Cayman Islands law
Hui & Lam	Legal adviser to our Company as to Hong Kong law

7. Consents of experts

Each of the above named experts has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or opinion and/or valuation certificate and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which it is respectively included.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

9. Taxation of holders of Shares*(a) Hong Kong*

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except the instrument of transfer will be stampable if they are executed in or brought into the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of our Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. It is emphasised that none of our Company, our Directors or other parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

10. No material adverse change

Our Directors confirm that there has not been any material adverse change in the financial trading position or prospects of our Group since 31 March 2015 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the date of this prospectus.

11. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
 - (iii) no commission has been paid, or is payable, for the subscription of, or agreement or procurement to subscribe for, any share in our Company or any of its subsidiaries; and
 - (iv) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

- (b) Neither our Company nor any of our subsidiaries has issued or agreed to issue any founders shares, management shares, deferred shares or any debentures.
- (c) Save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed “Qualifications of experts” in this Appendix is interested legally or beneficially in any securities of our Company or any of our subsidiaries.
- (d) None of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.
- (e) The branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company’s share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to ensure our Shares to be admitted into CCASS for clearing and settlement.
- (f) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.
- (g) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (h) We have no outstanding convertible debt securities.
- (i) Our Directors have been advised that, under Cayman Islands law, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by our Company in conjunction with our English name does not contravene Cayman Islands law.
- (j) The English text of this prospectus shall prevail over the Chinese text.
- (k) There is no arrangement under which future dividends are waived or agreed to be waived.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents of the experts referred to in the paragraph headed “Consents of experts” in the sub-section headed “Other information” of Appendix IV to this prospectus; and
- (c) copies of the material contracts referred to in the paragraph headed “Summary of material contracts” in the sub-section headed “Further information about our business” of Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Hui & Lam at Rooms 1505–06, 15/F, The Center, 99 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the accountants’ report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus,
- (c) the audited consolidated financial statements of our Group for the three financial years ended 31 March 2015;
- (d) the report on unaudited pro forma financial information of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Section B of Appendix II to this prospectus;
- (e) the letter of advice from Maples and Calder, our Cayman Islands legal adviser, summarising the constitution of our Company and certain aspects of the Companies Law referred to in Appendix III to this prospectus;
- (f) the Companies Law;
- (g) the rules of Share Option Scheme;

- (h) the material contracts referred to in the paragraph headed “Summary of material contracts” in the sub-section headed “Further information about our business” of Appendix IV to this prospectus;
- (i) the service contracts and letters of appointment referred to in the paragraph headed “Directors’ service agreements” in the sub-section headed “Further information about our substantial Shareholders, Directors and experts” of Appendix IV to this prospectus; and
- (j) the written consents referred to in the paragraph headed “Consents of experts” in the sub-section headed “Other information” of Appendix IV to this prospectus.

Man King Holdings Limited
萬景控股有限公司