



# ABLE ENGINEERING HOLDINGS LIMITED

## 安 保 工 程 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)  
Stock code: 1627

## SHARE OFFER

### Sponsor

**AmCap**

*Ample Capital Limited*  
豐盛融資有限公司

### Sole Coordinator

**AmCap**

Ample Orient Capital Limited  
豐盛東方資本有限公司

### Joint Bookrunners and Lead Managers

**AmCap**

Ample Orient Capital Limited  
豐盛東方資本有限公司



# IMPORTANT

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



## Able Engineering Holdings Limited 安 保 工 程 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

### SHARE OFFER

Number of Offer Shares	:	500,000,000 Shares (subject to the Over-allotment Option)
Number of Public Offer Shares	:	50,000,000 Shares (subject to reallocation)
Number of Placing Shares	:	450,000,000 Shares including 50,400,000 Reserved Shares under the Preferential Offer (subject to reallocation and the Over-allotment Option)
Offer Price	:	Not more than HK\$1.1 per Offer Share and expected to be not less than HK\$0.9 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	:	1627

#### Sponsor

**AmCap**

Ample Capital Limited

豐盛融資有限公司

#### Sole Coordinator

**AmCap**

Ample Orient Capital Limited  
豐盛東方資本有限公司

#### Joint Bookrunners and Lead Managers

**AmCap**  
Ample Orient Capital Limited  
豐盛東方資本有限公司

**CONVOY**  
Investment Services  
康石 証券投資

**第一上海**  
FIRST SHANGHAI GROUP  
FIRST SHANGHAI SECURITIES LIMITED

**國元融資(香港)有限公司**  
GUOYUAN CAPITAL (HONG KONG) LTD

#### Co-Managers

**Pf** Pacific  
Foundation

**CHKL** 中港通證券  
CHINA HONG KONG LINK SECURITIES

**聯合證券**  
Head & Shoulders Securities

**Quam** 華富嘉洛  
Securities & Futures 證券期貨

**Innovax**  
Capital

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 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 Sole Coordinator (acting for itself and on behalf of the Underwriters) on or before 8:00 p.m. on Thursday, 9 February 2017. The Offer Price will be not more than HK\$1.1 per Offer Share and is currently expected to be not less than HK\$0.9 per Offer Share, unless otherwise announced. Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK\$1.1 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\$1.1 per Offer Share.

The Sole Coordinator (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 South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.ableeng.com.hk](http://www.ableeng.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 Sole Coordinator (acting for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Monday, 13 February 2017, 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 Sole Coordinator (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.

26 January 2017

## EXPECTED TIMETABLE

We will issue an announcement in Hong Kong to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.ableeng.com.hk](http://www.ableeng.com.hk) if there is any change in the following expected timetable of the Public Offer.

2017

(Note 1)

Despatch of <b>BLUE</b> Application Forms to Qualifying Vantage Shareholders on or before .....	Thursday, 26 January
Latest time to complete electronic applications under <b>HK eIPO White Form</b> service through the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a> (Note 2) .....	11:30 a.m. on Wednesday, 8 February
Application lists open (Note 3) .....	11:45 a.m. on Wednesday, 8 February
Latest time to complete payment of <b>HK eIPO White Form</b> applications by effecting internet banking transfer(s) or PPS payment transfer(s) .....	12:00 noon on Wednesday, 8 February
Latest time to give <b>electronic application instructions</b> to HKSCC (Note 4) .....	12:00 noon on Wednesday, 8 February
Latest time to lodge <b>WHITE, YELLOW and BLUE</b> Application Forms .....	12:00 noon on Wednesday, 8 February
Application lists close .....	12:00 noon on Wednesday, 8 February
Expected Price Determination Date (Note 5) .....	Thursday, 9 February
Announcement of the final Offer Price, indication of the levels of interest in the Placing, the basis of allotment and the results of applications in the Public Offer and the Preferential Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), our website at <a href="http://www.ableeng.com.hk">www.ableeng.com.hk</a> and the website of the Stock Exchange at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> on or before .....	Friday, 17 February

## EXPECTED TIMETABLE

Announcement of results of allocations in the Public Offer and the Preferential Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including our website at [www.ableeng.com.hk](http://www.ableeng.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) (for further details, please see the section headed "How to Apply for Public Offer Shares and Reserved Shares — 11. Publication of Results" in this prospectus) from . . . . . Friday, 17 February

Results of allocations in the Public Offer and the Preferential Offer will be available at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function on . . . . . Friday, 17 February

Despatch/collection of HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Public Offer and the Preferential Offer on or before (*Notes 6 to 11*) . . . . . Friday, 17 February

Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Public Offer and the Preferential Offer on or before (*Notes 6 to 8 and 10*) . . . . . Friday, 17 February

Dealings in the Shares on the Stock Exchange expected to commence on . . . . . 9:00 a.m. on Monday, 20 February

The application for the Public Offer Shares will commence on Thursday, 26 January 2017 through Wednesday, 8 February 2017, being longer than normal market practice of four days. The application monies (including the brokerage fees, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Friday, 17 February 2017. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Monday, 20 February 2017.

## EXPECTED TIMETABLE

### Notes:

1. All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.
2. You will not be permitted to submit your application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application 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 monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning 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, 8 February 2017, the application lists will not open on that day. For further details, please see the section headed “How to Apply for Public Offer Shares and Reserved Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
4. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for Public Offer Shares and Reserved Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
5. The Price Determination Date is expected to be on or around Thursday, 9 February 2017 and in any event, not later than Monday, 13 February 2017. If, for any reason, the Offer Price is not agreed on or before Monday, 13 February 2017 between our Company and the Sole Coordinator (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse accordingly.
6. Share certificates for the Public Offer Shares and the Reserved Shares are expected to be issued on or before Friday, 17 February 2017 but will only become valid certificates of title at 8:00 a.m. on Monday, 20 February 2017 provided that (a) the Share Offer has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.
7. Applicants for 1,000,000 Public Offer Shares or Reserved Shares or more on **WHITE** or **BLUE** Application Forms or through the **HK eIPO White Form** service (as the case may be) who have provided all information required in their relevant Application Forms that they may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited from 9:00 a.m. to 1:00 p.m. on Friday, 17 February 2017 or any other day as announced by us as the date of despatch of Share certificates/e-Auto Refund payment instructions/refund cheques.
8. Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation’s chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not collect their Share certificates personally, which will be deposited into CCASS for the credit of their designated CCASS Participants’ stock accounts or CCASS Investor Participants’ 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.
9. Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Service Provider, in the form of refund cheques, by ordinary post at their own risk.
10. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant’s own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed “How to Apply for Public Offer Shares and Reserved Shares — 14. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus.
11. Refund cheques/e-Auto Refund payment instructions will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK\$1.1 per Offer Share.

For details of the structure of the Share Offer, including conditions of the Share Offer, applicants should refer to the section headed “Structure and Conditions of the Share Offer” in this prospectus.

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## IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by our Company solely in connection with the Public Offer and the Preferential Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Public Offer Shares and the Reserved Shares offered by this prospectus pursuant to the Public Offer and the Preferential 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 (save for the Preferential Offer made to the Qualifying Vantage Shareholders). The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.*

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners, the Sponsor and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sponsor, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners, any of the Underwriters, any of their respective directors, officers, representatives or advisers or any other person 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 and should be read in conjunction with the full text of this prospectus. As the following is only a summary, it does not contain all the information that may be important to you. You should read the 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 making any decision to invest in the Offer Shares.*

*Various expressions used in this summary are defined in the section headed "Definitions" in this prospectus.*

### BUSINESS OVERVIEW

Founded in 1976, our Group is a well-established company in the construction industry in Hong Kong with a history of over 40 years. We are principally engaged as a contractor in building construction and RMAA works in Hong Kong. The following table sets forth a breakdown of our revenue by business segment and sector during the Track Record Period:

	2014		For the year ended 31 March				For the four months ended 31 July			
	HK\$'000	%	2015 HK\$'000	%	2016 HK\$'000	%	2015 HK\$'000 (unaudited)	%	2016 HK\$'000	%
Building construction works	1,582,034	58.5	1,309,833	61.9	2,022,826	80.8	987,709	85.9	428,419	78.8
RMAA works	1,121,865	41.5	807,520	38.1	480,094	19.2	161,806	14.1	114,965	21.2
<b>Total</b>	<b>2,703,899</b>	<b>100.0</b>	<b>2,117,353</b>	<b>100.0</b>	<b>2,502,920</b>	<b>100.0</b>	<b>1,149,515</b>	<b>100.0</b>	<b>543,384</b>	<b>100.0</b>
Public sector	1,493,580	55.2	940,500	44.4	566,596	22.6	147,967	12.9	386,837	71.2
Private sector	1,210,319	44.8	1,176,853	55.6	1,936,324	77.4	1,001,548	87.1	156,547	28.8
<b>Total</b>	<b>2,703,899</b>	<b>100.0</b>	<b>2,117,353</b>	<b>100.0</b>	<b>2,502,920</b>	<b>100.0</b>	<b>1,149,515</b>	<b>100.0</b>	<b>543,384</b>	<b>100.0</b>

During the Track Record Period, we mainly engaged as a main contractor in building construction and RMAA works in Hong Kong. According to the CH Report, we are one of the six largest construction companies in the building construction and RMAA industry in Hong Kong and have a market share of approximately 1.5% of building construction and RMAA industries in Hong Kong in terms of revenue in 2015.

**Customers** — During the Track Record Period, we provided (i) building construction services to customers from both the public and private sectors, including the Government, the Housing Authority, the Hospital Authority, schools and private property developers in Hong Kong; and (ii) performed RMAA works for the Government, including the Architectural Services Department and the Education Bureau. For the three



## SUMMARY

years ended 31 March 2016 and the four months ended 31 July 2016, our five largest customers accounted for approximately 89.0%, 86.7%, 90.3% and 91.1% of our revenue, respectively; and our largest customer accounted for approximately 30.7%, 39.4%, 40.7% and 42.7% of our revenue, respectively.

**Suppliers** — As at the Latest Practicable Date, there were 465 suppliers on our list of approved suppliers. None of our suppliers has entered into long-term supply agreement with us. Our largest supplier accounted for approximately 23.1%, 38.1%, 40.0% and 15.5% of our total material costs for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, respectively, and our five largest suppliers accounted for approximately 56.5%, 81.5%, 79.7% and 54.1% of our total material costs for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, respectively.

**Subcontractors** — As at the Latest Practicable Date, we had 1,082 internally approved subcontractors who are able to handle works assigned by us. Our largest subcontractor accounted for approximately 8.4%, 7.3%, 10.0% and 11.0% of our total subcontracting fee for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, and our five largest subcontractors accounted for approximately 27.4%, 28.9%, 35.1% and 44.8% of our total subcontracting fee for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

**Our projects** — During the Track Record Period and up to the Latest Practicable Date, we had completed 11 and 32 projects of building construction works and RMAA works, respectively. As at the Latest Practicable Date, we had six and five on-going projects of building construction and RMAA works, respectively. The following table sets out the brief details of our building construction projects in progress with awarded contract sum of HK\$50 million or above undertaken by us and remained on-going as at the Latest Practicable Date, in ascending order by commencement date:

Project Code	Location of project	Type of projects	Type of works	Expected project period	Awarded contract sum		Approximate percentage of completion as at 31 July 2016 (%)	Price adjustment provision	% of revenue recognised during the Track Record Period (%)	Revenue to be recognised for the years ending 31 March	
					(approximate HK\$ million)	as at 31 July 2016 (approximate HK\$ million)				2017 (approximate HK\$ million)	2018 (approximate HK\$ million)
A9	Ho Man Tin	Private	Construction of and fitting-out of residential building	Jul 2012 – Mar 2017	126.1	50.0	46.1	No	1.0	50.0	0
A10	Tai Lam	Public	Design and construction of Government facilities	Aug 2012 – Feb 2017	823.0	99.8	75.9	Yes	10.9	99.8	0
A12	South Bay	Private	Redevelopment of school	Mar 2015 – Jul 2017	736.7	618.9	16.0	No	2.2	461.6	157.3
A13	Tung Chung	Public	Construction of public rental housing	Nov 2015 – Jun 2018	2,460.0	2,212.5	9.6	Yes	4.5	777.5	1,435.0
A14	Yau Tong	Public	Construction of public rental housing	Feb 2016 – Aug 2018	516.0	491.2	5.5	Yes	3.0	149.5	249.4
A15	Lai Chi Kok	Public	Construction of public rental housing	Apr 2016 – Dec 2018	2,590.0	2,545.2	2.0	Yes	0.7	589.3	1,333.9

## SUMMARY

The following table sets out the brief details of our RMAA projects in progress with awarded contract sum of HK\$50 million or above undertaken by us and remained on-going as at the Latest Practicable Date, in ascending order by commencement date:

Project Code	Location of project	Type of project	Type of works	Project period	Estimated project value (approximate HK\$ million)	Price adjustment provision	Revenue to be recognised for the years ending 31 March	
							2017 (approximate HK\$ million)	2018 (approximate HK\$ million)
B12	Yau Ma Tei	Public	Term Contract For RMAA	Oct 2016 - Mar 2020	240.0	No	23.4	70.2

The following table sets forth a breakdown of the number of on-going projects by contract amount:

Contract amount	As at 31 March						As at 31 July 2016					
	2014		2015		2016		2016		2016		Total	
	Number of building construction projects	Number of RMAA projects	Total	Number of building construction projects	Number of RMAA projects	Total	Number of building construction projects	Number of RMAA projects	Total			
Less than or equal to HK\$50 million	0	1	1	0	0	0	3	3	6	3	3	6
More than HK\$50 million but less than or equal to HK\$500 million	4	9	13	4	5	9	2	0	2	1	0	1
More than HK\$500 million	3	0	3	5	0	5	6	0	6	5	0	5

The table below sets out the number of tenders submitted and awarded to our Group during the Track Record Period by service provided:

	For the year ended 31 March			For the four months ended
	2014	2015	2016	31 July 2016
<b>BY SERVICE PROVIDED</b>				
<b>Building construction</b>				
Number of tenders submitted	13	18	23	4
Number of successful tenders	1	2	3	0
Success rate (%)	7.7	11.1	13.0	0
Approximate contract sum of tenders submitted (HK\$ million)	8,100.2	14,814.7	23,489.2	9,100.0
Approximate contract sum of successful tenders (HK\$ million)	828.0	2,120.0	5,566.0	0
<b>RMAA</b>				
Number of tenders submitted	6	9	7	1
Number of successful tenders	0	2	2	1
Success rate (%)	0	22.2	28.6	100
Approximate contract sum of tenders submitted (HK\$ million)	1,160.5	2,562.0	236.2	240.0
Approximate contract sum of successful tenders (HK\$ million)	0	78.8	53.5	240.0

For further details, please refer to the section headed "Business — Our Projects" in this prospectus.

## SUMMARY

### COMPETITIVE LANDSCAPE OF THE BUILDING CONSTRUCTION AND RMAA INDUSTRY IN HONG KONG

Our Directors are of the view that the market of the Hong Kong building construction and RMAA industry is competitive and fragmented because, according to the CH Report, (i) the revenue of the five largest players accounted for approximately 21.2% of the total revenue of the whole building construction and RMAA industry in 2015 and the fifth largest player only captured around 1.5% market share; and (ii) according to the list of Register of General Building Contractors from the Buildings Department of Hong Kong, there were 709 registered general building contractors in Hong Kong as at the Latest Practicable Date, while the services and products provided by contractors are considered to be rather homogeneous. Several factors which affect the competitiveness of building construction and RMAA contractors include (i) reputation; (ii) financial capability; (iii) project management skills; and (iv) competitive pricing of project.

### COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths will enable us to maintain our position as one of the active market players in the building construction and RMAA industry in Hong Kong. Our competitive strengths include the following: (i) long-term history with a proven track record developed in the building construction and RMAA industry; (ii) well positioned to capture potential growth in public housing and hospitals development; (iii) stringent quality control and commitment to high safety standard and environmental management; (iv) long-term relationships with some of our major customers; (v) our extensive network of major suppliers and subcontractors; and (vi) experienced management and professional project management teams. Details of our Group's competitive strengths are set out in the section headed "Business — Competitive Strengths" in this prospectus.

### BUSINESS STRATEGIES

We will continue to play an active role in seeking opportunities in the building construction and RMAA industry in both private and public sectors in Hong Kong to achieve sustainable growth in our business and create long-term shareholder's value. We plan to (i) expand our business in building construction and RMAA works by tendering for and engaging in more public works projects, hospital projects, public housing projects and other private projects with the Government, the Hospital Authority, the Housing Authority as well as private companies to increase our share in these market segments; and (ii) maintain a strong financial position in respect of our prudent financial management. Details of our Group's business strategies are set out in the section headed "Business — Business Strategies and Prospects" in this prospectus.

### CONTROLLING SHAREHOLDERS

Assuming that all Qualifying Vantage Shareholders (excluding the Non-Qualifying Vantage Shareholder(s) and directors of our Company or any of our subsidiaries and the respective companies controlled by them) take up their respective Preferential Entitlements under the Preferential Offer in full, and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, Vantage will, through its wholly-owned subsidiary, Profit Chain, owns 75% of our enlarged issued share capital immediately after the completion of the Capitalisation Issue and the Share Offer. As at the Latest Practicable Date, Vantage, through Profit Chain, was interested in the entire issued and paid up share capital of our Company and Mr. Ngai was entitled to control the exercise of approximately 61.31% of the voting power at general meetings of Vantage. Accordingly, Vantage and Mr. Ngai are our Controlling Shareholders.

## SUMMARY

Upon Listing, there will be a number of continuing connected transactions between our Group and the Remaining Vantage Group in relation to (i) leasing of office premises; (ii) provision of administrative support services; and (iii) provision of building construction and fitting-out services. These transactions will be carried out on normal commercial terms or better. For further details on these continuing connected transactions, please refer to the section headed “Connected Transactions” in this prospectus.

### **DISPOSALS OF THE CONTROLLING INTERESTS IN EXCEL DEVELOPMENT AND NGA CHUN BY THE CONTROLLING SHAREHOLDER**

Excel Development (Holdings) Limited (“**Excel Development**”), a company listed on the Main Board of the Stock Exchange since December 2013, together with its subsidiaries (collectively as the “**Excel Group**”), are principally engaged in civil engineering construction business. Excel Engineering Company Limited (“**Excel Engineering**”), the principal operating subsidiary of Excel Development, became a non-wholly owned subsidiary of Vantage in May 2000 when Vantage, through its wholly-owned subsidiary, acquired 51.45% interests in Excel Engineering. Excel Engineering became a wholly-owned subsidiary of Vantage in April 2001 when Vantage, through the same entity, acquired the remaining 48.55% interests in Excel Engineering.

In December 2013, Excel Development was separately listed on the Stock Exchange by way of spin-off. As confirmed by our Directors, around April 2015, Vantage had been approached by certain Independent Third Party in relation to the potential acquisition of all or part of the equity interests in Excel Development held by Profit Chain (a wholly-owned subsidiary of Vantage), being 75% of the then issued share capital of Excel Development. In June 2015, Profit Chain, Vantage and Youth Force Asia Ltd. (“**Youth Force**”), the offeror of the acquisition, entered into a sale and purchase agreement whereby Profit Chain agreed to sell and Youth Force agreed to purchase all the issued share capital in Excel Development held by Profit Chain. Completion took place on the date of the said sale and purchase agreement. As confirmed by our Directors, Vantage had no intention to dispose of Excel Development when it was separately listed on Stock Exchange by way of spin-off, and it was only when Youth Force approached Vantage proactively in April 2015 in relation to the acquisition that Vantage started to consider disposing of Excel Development. Having considered the strategies of Vantage to grow its property development and property investment business, the prospect of the property industry in Hong Kong, the lack of capital resources of the Vantage Group and the provision of substantial cash inflow to the Vantage Group upon disposal of Excel Development, the directors of Vantage decided to dispose of its entire interests in Excel Development to Youth Force.

Nga Chun Holdings Company Limited (“**Nga Chun**”) (now known as Gold-Finance Holdings Limited), a company listed on the Main Board of the Stock Exchange since October 2014, together with its subsidiaries (collectively as the “**Nga Chun Group**”), is principally engaged in building related engineering works such as electrical, air-conditioning and fire services installation work. Nga Chun became a joint venture of Vantage in December 2011 when Vantage, through its wholly-owned subsidiary, acquired 40% interest in Team Great Limited (“**Team Great**”), the then holding company of the Nga Chun Group, from one of the two then shareholders of Team Great (the “**Majority JV Partners**”).

In October 2014, Nga Chun was separately listed on the Stock Exchange. As confirmed by our Directors, around October 2015, Team Great, led by the Majority JV Partners, commenced preliminary discussion with certain Independent Third Party in relation to the potential acquisition of all or part of the equity interests in Nga Chun held by Team Great, being 75% of the then issued share capital of Nga Chun. In December 2015, Team Great, Gold-Finance (Hong Kong) Asset Management Limited (“**Gold-Finance**”) and Mr. Fung Chi Wing, the chairman and executive director of Nga Chun at that time and

## SUMMARY

one of the Majority JV Partners (as guarantor), entered into a sale and purchase agreement whereby Team Great agreed to sell and Gold-Finance agreed to purchase all the issued share capital in Nga Chun held by Team Great. Completion took place immediately upon the signing of the said sale and purchase agreement.

As confirmed by our Directors, Vantage did not have any intention to dispose of its interests in Nga Chun until the opportunity came along in October 2015 as aforementioned. The negotiation with Gold-Finance regarding the disposal was initiated and led by the Majority JV Partners, being the majority shareholders of Team Great. The directors of Vantage decided to support the disposal of Team Great's entire interests in Nga Chun to Gold-Finance having considered that Vantage has not had any management role in the Nga Chun Group, the lack of expertise of Vantage's management in the operations of the Nga Chun Group and the risks and uncertainties Vantage would face if the Majority JV Partners disposed of their interests in Team Great to Gold-Finance.

### THE SPIN-OFF

The building construction business of our Group was the founding business of the Vantage Group and the operation of such business has expanded substantially in the past two decades under the management of Vantage. Further, the building construction business of our Group is paramount to the success and continued growth of our Group as a large portion of the revenue of the Vantage Group derives from the income generated by our Group. During the Track Record Period, our Group's income accounted for more than 95% of the total revenue of the Vantage Group. It is expected that over 90% of the revenue of the Vantage Group for the year ending 31 March 2017 would be contributed by our Group. It is anticipated that the business of our Group will continue to expand in view of the growth prospects regarding public housing and hospitals in Hong Kong, details of which are set out in the paragraph headed "Business — Competitive Strengths" in this prospectus. Further, our Company has a long established history and carries on substantial business. For the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, we had revenue of approximately HK\$2,703.9 million, HK\$2,117.4 million, HK\$2,502.9 million and HK\$543.4 million, respectively. We also completed 11 and 32 projects of building construction works and RMAA works, respectively, for the period from the commencement date of the Track Record Period and up to the Latest Practicable Date. In view of the foregoing, our Group had significant business operation during the Track Record Period, Vantage has no intention to dispose of the Shares and that all members of our Group shall continue to remain as subsidiaries of Vantage.

After the Listing, our Group acts as a contractor in building construction and RMAA works to the public and private sectors in Hong Kong. Our role as a main contractor is to provide overall project management and supervision and procure the supply of construction materials and our role as a subcontractor is to complete the works specified by the main contractor in accordance with the contract requirements, whereas the Remaining Vantage Group is principally engaged in the investment in retail, commercial and residential premises for their rental income and the development of properties as well as the provision of finance business. By the nature of the services provided by our Group and the nature of the core businesses of the Remaining Vantage Group, we believe there is a clear delineation of the businesses between our Group and the Remaining Vantage Group, and this distinct separation of operations has been in place since our Group and the Remaining Vantage Group commenced operation in 1976 and 2004, respectively. For further details, please refer to the section headed "Relationship with Controlling Shareholders — Delineation of Business Activities" in this prospectus. In order to eliminate any future competing business with our Group, Vantage and Mr. Ngai have entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustees for each of our subsidiaries), details of which are set out in the section headed "Relationship with Controlling Shareholders — Deed of Non-competition" in this prospectus.

## SUMMARY

Our Company considers that the Spin-off enhances the business and operation of our Company and the Remaining Vantage Group and creates value for both our Shareholders and the shareholders of Vantage as a whole. For further information regarding the reasons for the Spin-off, please see the section headed “Relationship with Controlling Shareholders — Reasons for and Benefits from the Spin-off of Our Company and the Remaining Vantage Group” in this prospectus.

### FINANCIAL INFORMATION

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

	For the year ended 31 March			For the four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Revenue	2,703,899	2,117,353	2,502,920	1,149,515	543,384
Gross profit	104,226	119,631	298,744	73,055	63,737
Profit and total comprehensive income for the year	58,314	68,685	201,890	47,409	30,863
	As at 31 March			As at 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2016 HK\$'000	2016 HK\$'000
Total current assets	1,358,840	1,547,614	1,560,779	1,116,417	1,116,417
Total current liabilities	739,924	816,595	631,642	558,004	558,004
Net current assets	618,916	731,019	929,137	558,413	558,413
Net assets	691,576	760,261	962,151	593,014	593,014
Total assets	1,431,613	1,577,109	1,594,651	1,151,902	1,151,902

#### Revenue

Our revenue amounted to approximately HK\$2,703.9 million, HK\$2,117.4 million, HK\$2,502.9 million, HK\$1,149.5 million and HK\$543.4 million for the three years ended 31 March 2016 and the four months ended 31 July 2015 and 2016. Please refer to the section headed “Financial Information — Period-to-period Comparison of Results of Operations” in the prospectus for more details.

#### Contract costs

The following table sets forth a breakdown of our contract costs during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2014 HK\$'000	%	2015 HK\$'000	%	2016 HK\$'000	%	2015 HK\$'000 (unaudited)	%	2016 HK\$'000	%
Subcontracting charges	2,227,338	85.7	1,644,728	82.3	1,807,114	82.0	875,031	81.3	328,603	68.5
Material costs	177,119	6.8	185,622	9.3	200,450	9.1	136,871	12.7	73,853	15.4
Direct labour costs	96,034	3.7	90,687	4.5	104,082	4.7	26,957	2.5	39,484	8.2
Others	99,182	3.8	76,685	3.9	92,530	4.2	37,601	3.5	37,707	7.9
<b>Total contract costs</b>	<b>2,599,673</b>	<b>100.0</b>	<b>1,997,722</b>	<b>100.0</b>	<b>2,204,176</b>	<b>100.0</b>	<b>1,076,460</b>	<b>100.0</b>	<b>479,647</b>	<b>100.0</b>

## SUMMARY

### *Gross profit and gross profit margin*

The following table sets forth a breakdown of our gross profit by public and private sector during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector	100,356	96.3	50,560	42.3	54,560	18.3	(2,393)	-3.3	20,002	31.4
Private sector	3,870	3.7	69,071	57.7	244,184	81.7	75,448	103.3	43,735	68.6
<b>Total</b>	<b>104,226</b>	<b>100.0</b>	<b>119,631</b>	<b>100.0</b>	<b>298,744</b>	<b>100.0</b>	<b>73,055</b>	<b>100.0</b>	<b>63,737</b>	<b>100.0</b>

The following table sets forth a breakdown of our gross profit by business segment during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Building construction works	27,440	26.3	54,759	45.8	245,331	82.1	70,902	97.0	43,124	67.7
RMAA works	76,786	73.7	64,872	54.2	53,413	17.9	2,153	3.0	20,613	32.3
<b>Total</b>	<b>104,226</b>	<b>100.0</b>	<b>119,631</b>	<b>100.0</b>	<b>298,744</b>	<b>100.0</b>	<b>73,055</b>	<b>100.0</b>	<b>63,737</b>	<b>100.0</b>

The following table sets forth a breakdown of our gross profit margin by public and private sector and by business segment during the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	%	%	%	%	%
Public sector	6.7	5.4	9.6	-1.6	5.2
Private sector	0.3	5.9	12.6	7.5	27.9
<b>Overall</b>	<b>3.9</b>	<b>5.7</b>	<b>11.9</b>	<b>6.4</b>	<b>11.7</b>
Building construction works	1.7	4.2	12.1	7.2	10.1
RMAA works	6.8	8.0	11.1	1.3	17.9
<b>Overall</b>	<b>3.9</b>	<b>5.7</b>	<b>11.9</b>	<b>6.4</b>	<b>11.7</b>

## SUMMARY

### *Reasons of material fluctuation*

#### *Gross profit and gross profit margin*

Our gross profit increased significantly from approximately HK\$119.6 million for the year ended 31 March 2015 to approximately HK\$298.7 million for the year ended 31 March 2016 which is primarily attributable to Project A7 which has a higher profit margin as compared to our other building construction projects.

Our gross profit margin increased significantly from approximately 5.7% for the year ended 31 March 2015 to approximately 11.9% for the year ended 31 March 2016 which is due to the increase of our gross profit margin from both our building construction works and RMAA works.

Our gross profit margin increased significantly from approximately 6.4% for the four months ended 31 July 2015 to approximately 11.7% for the four months ended 31 July 2016 which is due to the increase of our gross profit margin from both our building construction works and RMAA works.

For further details, please refer to the section headed “Financial Information — Period-to-period Comparison of Results of Operations” in this prospectus.

#### *Net profit*

Our net profit increased significantly from approximately HK\$68.7 million for the year ended 31 March 2015 to approximately HK\$201.9 million for the year ended 31 March 2016 which is primarily attributable to the higher gross profit contributed by Project A7 for the year ended 31 March 2016.

For further details, please refer to the section headed “Financial Information — Period-to-period Comparison of Results of Operations” in this prospectus.

### **Key financial ratios**

The following table sets forth our key financial ratios for the year and period and as of the dates indicated:

	As at/for 31 March			As at/for 31 July
	2014	2015	2016	2016
Gross profit margin	3.9%	5.7%	11.9%	11.7%
Net profit margin	2.2%	3.2%	8.1%	5.7%
Current ratio	1.8	1.9	2.5	2.0
Gearing ratio ( <i>Note 1</i> )	20.0%	25.6%	2.6%	0.2%
Debt to equity ratio	N/A	N/A	N/A	N/A
Interest coverage	30.9	18.3	96.2	2,436.5
Return on total assets	4.1%	4.4%	12.7%	8.0%
Return on equity	8.4%	9.0%	21.0%	15.6%
Trade debtors				
turnover days	30.3 days	29.6 days	27.8 days	37.5 days
Trade and bill payables				
turnover days	50.7 days	55.8 days	46.1 days	71.0 days

*Note 1:* Gearing ratio is calculated based on the total debts (including all interest – bearing borrowings and loans) divided by the total equity as at the respective period end and multiplied by 100%.



## SUMMARY

The increase in gearing ratio from approximately 20.0% as at 31 March 2014 to 25.6% as at 31 March 2015 is primarily due to increase in our interest-bearing bank loans. The significant decrease in gearing ratio from approximately 25.6% as at 31 March 2015 to 2.6% as at 31 March 2016 is primarily due to the (i) significant decrease in our interest-bearing bank loans; and (ii) the increase in equity due to our profitable operations. The significant decrease in gearing ratio from approximately 2.6% as at 31 March 2016 to 0.2% as at 31 July 2016 is primarily due to the significant decrease in our loans from the Remaining Vantage Group.

For further details, please refer to the section headed “Financial Information — Key Financial Ratios” in this prospectus.

### Cash flows

The following table sets forth a summary of our cash flows for the years and periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 <i>(unaudited)</i>	2016 HK\$'000
<b>Cash and cash equivalents at the beginning of the year/period</b>	229,851	231,407	412,457	412,457	1,084,818
Net cash flows from/(used in) operating activities	138,767	142,973	251,214	(16,297)	(150,859)
Net cash flows from/(used in) investing activities	(256,390)	(32,888)	583,535	416,330	(1,166)
Net cash flows from/(used in) financing activities	119,179	70,965	(162,388)	31,483	(450,340)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>1,556</u>	<u>181,050</u>	<u>672,361</u>	<u>431,516</u>	<u>(602,365)</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<u>231,407</u>	<u>412,457</u>	<u>1,084,818</u>	<u>843,973</u>	<u>482,453</u>

### Net cash flows from/(used in) investing activities

Our investing activities during the Track Record Period is primarily related to our loans made to the Remaining Vantage Group. Please refer to the section headed “Financial Information — Liquidity and Capital Resources — Cash flows” in this prospectus for further details on the reason of material fluctuation.

### RECENT DEVELOPMENT

Our business model and cost structure remain largely unchanged subsequent to the Track Record Period. Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to be engaged as a contractor for building construction and RMAA works in Hong Kong. As at the Latest Practicable Date, we had six and five on-going projects of building construction and RMAA works, respectively.

## SUMMARY

We had been actively seeking for opportunities in the building construction and RMAA industry in Hong Kong subsequent to the Track Record Period. As at the Latest Practicable Date, our Group had (i) submitted three tender for public works projects for which we are awaiting the tender result and we are also in the process of preparing two tender for public works projects; (ii) submitted two tenders for hospitals projects for which we are awaiting tender results for one of them and the other one was awarded to our Group; (iii) submitted seven tenders for Housing Authority projects (representing approximately 12,900 flats to be constructed) for which we are awaiting the tender results; we are also in the process of preparing two tenders for Housing Authority projects (representing approximately 1,400 flats to be constructed) and (iv) submitted one tender for private projects for which we are awaiting tender results; we are also in the process of preparing tenders for five private projects.

The financial and operational performance of our Group is dependent on, among others, the market conditions of the construction industry in Hong Kong and the budgeted gross profit margin of our respective projects during the relevant period of time. Based on our Group's unaudited management accounts, the unaudited gross profit margin for the six months ended 30 September 2016 was lower than that for the year ended 31 March 2016 mainly attributable to (i) the completion of Project A7, which has a higher profit margin as compared to our other building construction projects, by the end of the year ended 31 March 2016; and (ii) the higher budgeted cost allowed for of Project A14 and Project A15 which commenced in February 2016 and April 2016, respectively, and were still at their early stage during the six months ended 30 September 2016. Our Directors estimate that staff costs and management fees paid to the Remaining Vantage Group for the year ending 31 March 2017 will increase by approximately HK\$30 million, in aggregate, as compared to that for the year ended 31 March 2016 which will materially affect our net profit for the same reporting period. Management fees paid to the Remaining Vantage Group mainly represent the remuneration of certain of our Directors, who are also the directors of the Remaining Vantage Group, in respect of their service to our Group. The remuneration package includes a discretionary performance-based bonus that is mainly determined by our operating results in prior period. Our Directors confirm that such arrangement has ceased in December 2016 and relevant Directors' remuneration will be charged to staff costs of our Group going forward which contributes to the estimated increase in staff costs for the year ending 31 March 2017. For further details, please refer to the section headed "Financial Information" in this prospectus.

Save for (i) the professional fees of approximately HK\$30.3 million in connection with the Listing, which will be recorded in our combined statement of profit or loss and other comprehensive income or as a reduction from equity for the year ending 31 March 2017; (ii) the deterioration in gross profit margin for the six months ended 30 September 2016; (iii) the estimated increase in staff costs and management fees paid to the Remaining Vantage Group by approximately HK\$30 million in aggregate for the year ending 31 March 2017; and (iv) special dividends declared and paid as set forth in the sub-section headed "Financial Information — Dividend Policy" below in this section, our Directors confirm that there had been no material adverse change in the operation, financial or trading position, or prospects of our Group since 31 July 2016 (being the date to which the latest audited combined financial statements of our Group were prepared) and up to the date of this prospectus, and there is no event since 31 July 2016 and up to the date of this prospectus would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

## SUMMARY

### LISTING EXPENSES

The total listing expenses in connection with the Share Offer is estimated to be approximately HK\$30.3 million, based on the mid-point of the offer price range stated in this prospectus and assuming the Over-allotment Option is not exercised, of which approximately HK\$17.0 million is directly attributable to the issue of the Share Offer and to be accounted for as a deduction from equity, nil was charged to profit or loss of our Group for the year ended 31 March 2016 and approximately HK\$13.3 million is to be charged to profit or loss of our Group for the year ending 31 March 2017.

### 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 Over-allotment Option is not exercised at all and an Offer Price of HK\$1.0, being the mid-point of the Offer Price range, of approximately HK\$469.7 million as follows:

- approximately HK\$423.2 million, representing approximately 90.1% of the net proceeds will be used for expanding our building construction business in Hong Kong, out of which (i) approximately HK\$360.0 million will be used for meeting the employed capital requirement and working capital requirement for relevant future projects in the public sector; and (ii) approximately HK\$63.2 million will be used for payment of certain upfront costs. As at the Latest Practicable Date, there were nine and nil pending tenders for building construction and RMAA projects in Hong Kong having been submitted by us; and
- approximately HK\$46.5 million or approximately 9.9% 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 Proposed Use of Proceeds” in this prospectus.

### DIVIDEND

Our Group currently does not have a dividend policy nor any fixed dividend pay-out ratio and may distribute dividends by way of cash or by other means that our Directors consider appropriate. In July 2016, Able Engineering declared and paid a special dividend of HK\$400 million to its then shareholder, Profit Chain. In October 2016, certain members of our Group declared a special dividend of HK\$200 million to their then shareholder, Profit Chain. Such dividends were paid to Profit Chain in full in November 2016.

## SUMMARY

### APPLICATION FOR THE OFFER SHARES

The application for the Public Offer Shares will commence on Thursday, 26 January 2017 through Wednesday, 8 February 2017, being longer than normal market practice of four days. The application monies (including the brokerage fees, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Friday, 17 February 2017. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Monday, 20 February 2017.

### SHARE OFFER STATISTICS

Market capitalisation at Listing <sup>(1)</sup> :	HK\$1,800 million to HK\$2,200 million
Shares to be in issue following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares which may be issued upon exercise of the Over-allotment Option):	2,000,000,000 Shares
Offer size:	500,000,000 Offer Shares
Offer Price:	HK\$0.9 to HK\$1.1
Board lot:	4,000 Shares
Offering structure:	450,000,000 Shares for Placing and 50,000,000 Shares for Public Offer
Unaudited pro forma adjusted combined net tangible assets per Share <sup>(2)</sup> :	HK\$0.507 to HK\$0.556

*Notes:*

1. The calculation of the market capitalisation of our Shares is based on 2,000,000,000 Shares in issue immediately after completion of the Share Offer but does not take into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.
2. The unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company does not take into account a special dividends of HK\$200,000,000 declared in October 2016 by certain members of the Group: which were paid in November 2016. Had the special dividend been taken into account, the unaudited pro forma adjusted combined net tangible assets per share would be HK\$0.407 (assuming an Offer Price of HK\$0.9 per Share) and HK\$0.456 (assuming an Offer Price of HK\$1.1 per Share), respectively.

## SUMMARY

### LITIGATION, ARBITRATION AND POTENTIAL CLAIMS

During the Track Record Period and up to the Latest Practicable Date, our Group had been involved in a number of claims, litigations, pending or threatened claims against our Group. The claims against our Group typically relate to (i) employees' compensation claims; (ii) personal injury claims; (iii) contractual disputes; and (iv) industrial safety charges. None of the claims are related to any disputes with our customers. Save as disclosed below, our Directors confirm that no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance was known to our Directors to be pending or threatened against any member of our Group during the Track Record Period and up to the Latest Practicable Date. For further details, please refer to the 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. More details of the risks we are exposed to are set out in the section headed "Risk Factors" in this prospectus. Some of the risks which are considered to be material by our Directors include: (i) we rely on public sector projects which by their nature are only awarded by a limited number of customers who are normally Government and/or various institutional bodies; (ii) it is not uncommon in our industry to have numerous construction disputes and litigation, and our performance may be adversely affected by such construction disputes and litigation; (iii) we rely on subcontractors to help complete our construction projects works, and their performance will affect us; and (iv) error or inaccurate estimation of project duration and costs when determining the tender price may result in substantial loss incurred by us.

## DEFINITIONS

*In this prospectus, unless the context otherwise requires, the following terms and expressions have the following meanings.*

“Able Building”	Able Building Construction Limited (安堡營造有限公司), a company with limited liability incorporated in Hong Kong on 18 April 2006, an indirect wholly-owned subsidiary of our Company
“Able Contracting”	Able Contracting Limited (安堡建業有限公司), a company with limited liability incorporated in Hong Kong on 7 May 2008, an indirectly wholly-owned subsidiary of our Company
“Able Contractors”	Able Contractors Limited (安堡建築有限公司) (formerly known as Able Contractors Company Limited (安堡建築有限公司)), a company with limited liability incorporated in Hong Kong on 3 October 1997, an indirect wholly-owned subsidiary of our Company
“Able Engineering”	Able Engineering Company Limited (安堡工程有限公司) (formerly known as Yeu Can Engineering Co. Limited (有堅工程有限公司)), a company with limited liability incorporated in Hong Kong on 21 May 1976, an indirect wholly-owned subsidiary of our Company
“Able Maintenance”	Able Maintenance Company Limited (安堡維修有限公司) (formerly known as Billion Point International Investment Limited (億達國際投資有限公司)), a company with limited liability incorporated in Hong Kong on 13 December 1996, an indirect wholly-owned subsidiary of our Company
“Able Tool”	Able Tool Limited (formerly known as Able Engineering Holdings Limited (安堡工程控股有限公司)), a company with limited liability incorporated in Hong Kong on 15 April 2016, an indirect wholly-owned subsidiary of our Company
“Application Forms”	<b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s), <b>GREEN</b> Application Form(s) and <b>BLUE</b> Application Form(s) individually or collectively, as the context may require, to be used in relation to the Public Offer or the Preferential Offer

## DEFINITIONS

“Architectural Services Department” or “ASD”	the Architectural Services Department of the Government
“Articles of Association” or “Articles”	our articles of association, as conditionally adopted on 18 January 2017 with effect from Listing, and as amended from time to time, a summary of which is contained in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beneficial Vantage Shareholder(s)”	any beneficial owner(s) of Vantage Share(s) whose Vantage Share(s) is/are registered, as shown in the register of members of Vantage, in the name of a registered Vantage Shareholder at 4:30 p.m. on the Record Date
“BLUE Application Form(s)”	the application form(s) to be sent to Qualifying Vantage Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offer
“Board of Directors” or “Board”	our board of Directors
“Building Authority”	the Building Authority of the Government
“Buildings Department”	the 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
“Business Day” or “business day”	a day (other than a Saturday or a Sunday or a public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 1,499,999,000 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 section headed “Statutory and General Information — A. Further Information about Our Company — 3. Written resolutions of our sole Shareholder passed on 18 January 2017” in Appendix IV to this prospectus

## DEFINITIONS

“Cayman Companies Law” or “Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
“CCASS Custodian Participant(s)”	person(s) admitted to participate in CCASS as custodian participant(s)
“CCASS Investor Participant(s)”	person(s) admitted to participate in CCASS as investor participant(s) who may be individual(s) or joint individual(s) or corporation(s)
“CCASS Participant(s)”	CCASS Clearing Participant(s), CCASS Custodian Participant(s) or CCASS Investor Participant(s)
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), 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), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Able Engineering Holdings Limited (安保工程控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 11 July 2016
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and in the context of this prospectus unless the context otherwise requires, refers to Vantage and Mr. Ngai, or any of them



## DEFINITIONS

“Corporate Governance Code”	Corporate Governance Code in Appendix 14 to the Listing Rules, as amended from time to time
“CH Report”	an industry report prepared by Crowe Horwath which was commissioned by us in relation to, among other things, the building construction and RMAA market in Hong Kong
“Crowe Horwath”	Crowe Horwath (HK) Consulting & Valuation Limited, an Independent Third Party, being a professional market research company
“Deed of Indemnity”	the deed of indemnity dated 18 January 2017 executed by Vantage in favour of our Company (for ourselves and as trustee for each of our subsidiaries) regarding certain indemnities, particulars of which are set out in the section headed “Statutory and General Information — D. Other Information — 2. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	a deed of non-competition dated 18 January 2017 executed by Vantage and Mr. Ngai in favour of our Company (for ourselves and as trustee for each of our subsidiaries) regarding certain non-competition undertakings, as further described in the section headed “Relationship with Controlling Shareholders” in this prospectus
“Development Bureau”	the Development Bureau of the Government
“Director(s)”	the director(s) of our Company
“Education Bureau”	the Education Bureau of the Government
“Electrical and Mechanical Services Department”	the Electrical and Mechanical Services Department of the Government
“Government” or “Hong Kong Government”	the government of Hong Kong
“GREEN Application Form(s)”	the application form(s) to be completed by the <b>HK eIPO White Form</b> Service Provider designated by our Company

## DEFINITIONS

“Group” or “our Group” or “we” or “our” or “us”	our Company and its subsidiaries or any of them, or where the context so requires, with respect to the period before which our Company became the holding company of its current subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK” or “Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“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 <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HK eIPO White Form Service Provider”	the <b>HK eIPO White Form</b> Service Provider designated by our Company, as specified on the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HKIE”	the Hong Kong Institution of Engineers
“HKQAA”	Hong Kong Quality Assurance Agency
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$”, “Hong Kong dollar(s)” or “HK dollar(s)” and “cent(s)”	Hong Kong dollar(s) and cent(s), respectively, the lawful currency of Hong Kong
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Housing Authority”	the Hong Kong Housing Authority of the Government
“Housing Society”	the Hong Kong Housing Society
“Independent Third Party(ies)”	individual(s) or company(ies) who/which is/are not connected person(s) of our Company within the meaning of the Listing Rules
“Joint Bookrunners” or “Joint Lead Managers”	Ample Orient Capital Limited, Convoy Investment Services Limited, First Shanghai Securities Limited and Guoyuan Capital (Hong Kong) Limited

## DEFINITIONS

“Latest Practicable Date”	17 January 2017, being the latest practicable date for ascertaining certain information prior to the printing of this prospectus
“Leighton-Able JV”	Leighton-Able Joint Venture, a joint venture formed between Able Engineering and Leighton Contractors (Asia) Limited, an Independent Third Party, pursuant to a joint venture agreement entered into by them on 29 September 2008 whereby Able Engineering owns 49% proportionate share in the Leighton-Able JV
“Listing”	the listing of our Shares on the Main Board
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which dealings in our Shares first commenced 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
“Main Board”	the stock exchange (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 of Association” or “Memorandum”	the memorandum of association of our Company adopted on 18 January 2017, as supplemented, amended or otherwise modified from time to time
“Mr. Ngai”	Mr. Ngai Chun Hung, our chairman, one of our executive Directors and one of our Controlling Shareholders; and also the chairman and an executive director of Vantage
“Mr. Yau”	Mr. Yau Kwok Fai, one of our executive Directors and also the deputy chairman, the chief executive officer and an executive director of Vantage

## DEFINITIONS

“Non-Qualifying Vantage Shareholder(s)”	Vantage Shareholder(s) whose name(s) appeared on the register of members of Vantage at 4:30 p.m. on the Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories and any Vantage Shareholder(s) or Beneficial Vantage Shareholder(s) at that time who is/are otherwise known by Vantage to be resident in any of the Specified Territories
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage fee, SFC transaction levy and the Stock Exchange trading fee) of not more than HK\$1.1 and is currently expected to be not less than HK\$0.9, to be agreed upon by us and the Sole Coordinator (acting for itself and on behalf of the Underwriters) on or before the Price Determination Date
“Offer Share(s)”	the Public Offer Share(s) and the Placing Share(s) together, where relevant, with any additional Share(s) issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company to the Placing Underwriters, exercisable by the Sole Coordinator on behalf of the Placing Underwriters pursuant to the Placing Underwriting Agreement
“Placing”	the conditional placing of the Placing Shares at the Offer Price to institutional, professional and other investors, details of which are described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	the 450,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Placing, subject to reallocation and the Over-allotment Option as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters named in the Placing Underwriting Agreement

## DEFINITIONS

“Placing Underwriting Agreement”	the conditional placing underwriting agreement expected to be entered into on or about the Price Determination Date by, among others, our Company, the Sole Coordinator and the Placing Underwriters in respect of 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
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Preferential Entitlement”	the entitlement of the Qualifying Vantage Shareholder(s) to apply for the Reserved Shares under the Preferential Offer on an assured basis to be determined on the basis of their respective shareholdings in Vantage as at 4:30 p.m. on the Record Date
“Preferential Offer”	the preferential offer to the Qualifying Vantage Shareholders of up to 50,400,000 Reserved Shares (representing 11.20% and 10.08% of the Offer Shares available under the Placing and the Share Offer, respectively (assuming no reallocation and that the Over-allotment Option is not exercised)) as Preferential Entitlement at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the <b>BLUE</b> Application Form, as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Price Determination Agreement”	the agreement to be entered into between our Company and the Sole Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price

## DEFINITIONS

“Price Determination Date”	the date, expected to be on or about 9 February 2017, on which the Offer Price is expected to be fixed for the purpose of the Share Offer or any later date as may be agreed between our Company and the Sole Coordinator (for itself and on behalf of the Underwriters), but, in any event, no later than 13 February 2017
“Profit Chain”	Profit Chain Investments Limited, a company incorporated in the BVI with limited liability on 10 May 2000, our direct holding company and a direct wholly-owned subsidiary of Vantage
“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 50,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer, subject to re-allocation as mentioned in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer listed in the section headed “Underwriting — Underwriters — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the conditional public offer underwriting agreement dated 25 January 2017 relating to the Public Offer entered into by, among others, our Company, the Sole Coordinator and the Public Offer Underwriters, particulars of which are set out in the section headed “Underwriting” in this prospectus
“Qualifying Vantage Shareholder(s)”	Vantage Shareholder(s) whose name(s) appeared on the register of members of Vantage at 4:30 p.m. on the Record Date, excluding the Non-Qualifying Vantage Shareholder(s)

## DEFINITIONS

“Record Date”	23 January 2017, being the record date for determining the Preferential Entitlement of the Qualifying Vantage Shareholders to the Reserved Shares
“Regulation S”	Regulation S under the U.S. Securities Act
“Remaining Vantage Group”	Vantage and its subsidiaries after the Spin-off (excluding our Group)
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, details of which are described in the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus
“Reserved Shares”	the Offer Share(s) available in the Preferential Offer being offered by our Company to Qualifying Vantage Shareholders pursuant to the Preferential Offer as Preferential Entitlement and which are to be allocated out of the Placing Shares as described in the section headed “Structure and Conditions of the Share Offer” 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, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Placing and the Public Offer
“Shareholder(s)”	holder(s) of Shares
“Sole Coordinator”	Ample Orient Capital Limited
“Specified Territories”	in respect of the Preferential Offer, such territory or territories which our Directors and our Company consider it necessary or expedient to exclude from the Preferential Offer on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction

## DEFINITIONS

“Spin-off”	the separate listing of our Shares on Main Board, which is to be effected by way of the Share Offer including the Preferential Offer
“Sponsor” or “Ample”	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
“Stabilising Manager”	Ample Orient Capital Limited
“Stock Borrowing Agreement”	the stock borrowing agreement which may be entered into between Profit Chain and the Stabilising Manager on or about the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.”	the United States of America
“Urban Renewal Authority”	the Urban Renewal Authority of Hong Kong
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, rules and regulations promulgated thereunder
“US\$” or “U.S. dollar(s)”	United States dollars, the lawful currency of the United States of America



## DEFINITIONS

“Vantage”	Vantage International (Holdings) Limited (盈信控股有限公司), an exempted company incorporated in Bermuda with limited liability on 21 June 2000 and the shares of which are listed on the Main Board (stock code: 15), which is a Controlling Shareholder
“Vantage Group”	Vantage and its subsidiaries before the Spin-off, which includes our Group
“Vantage Shareholder(s)”	holder(s) of Vantage Shares
“Vantage Share(s)”	ordinary share(s) of par value of HK\$0.025 each in the share capital of Vantage
“Vital Tool”	Vital Tool Limited, a company incorporated in the BVI with limited liability on 16 July 2015, and a direct wholly-owned subsidiary of our Company
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name
“Works Branch” or “WBDB”	the Works Branch of the Development Bureau
“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“%”	per cent.

*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.*

## 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.*

“ACIL”	Accredited Certification International Limited
“ACI – SR26000”	the designation of standard giving guidance on social responsibility
“BEAM” or “HK-BEAM”	an acronym for Building Environmental Assessment Method which is a green building assessment system to measure, improve and label the environmental performance of buildings
“building construction”	construction works that has the provision of shelter for its occupants or contents as one of its main purposes, usually partially or totally enclosed and designed to stand permanently in one place
“CAGR”	compound annual growth rate, a method of assessing the average growth of a value over time
“Gazette”	the gazette published by the Hong Kong Government
“GDP”	Gross Domestic Product
“Government projects”	engineering projects contracted out by the Government
“ISO”	International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 9001”	a framework and systematic approach set by ISO to manage business processes to produce a product/service that conforms to customer expectations
“ISO 14001”	a framework set by ISO which a company or organisation can follow to set up an effective environmental management system, and which can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved

## GLOSSARY OF TECHNICAL TERMS

“ISO 50001”	a framework set by ISO which a company or organisation can follow to set up an effective energy management system
“main contractor”	a contractor who enters the contract directly with the employer of the project and assumes full responsibility for the satisfactory completion of the construction works. A main contractor operating at construction sites must be registered under the Buildings Ordinance for the capability and responsibility of undertaking new construction works, and in case of Hong Kong Government works, approved by the Works Branch
“OHSAS”	Occupational Health and Safety Assessment Specification, an international assessment specification for occupational health and safety management systems, issued by the Occupational Health and Safety Advisory Services
“OHSAS 18001”	the requirements for occupational health and safety management system developed for managing the occupational health and safety risks associated with a business, issued by the Occupational Health and Safety Advisory Services
“Open Tender”	tender which all interested contractors/suppliers/service providers are free to submit their tenders
“Quality Building Award Organising Committee”	Quality Building Award Organising Committee includes members of nine professional organisations in Hong Kong including The Hong Kong Construction Association, The Hong Kong Institute of Architects, The Hong Kong Institute of Construction Managers, The Hong Kong Institution of Engineers, The Hong Kong Institute of Housing, The Hong Kong Institute of Surveyors, The Hong Kong Chapter of International Facility Management Association, The Hong Kong Quality Assurance Agency and The Real Estate Developers Association of Hong Kong
“Restricted Tender”	tender invitations are sent to a limited number of selected contractors who are on the customer’s list of approved contractors

## GLOSSARY OF TECHNICAL TERMS

“RMAA”	repair, maintenance, alteration and addition works
“schedule of rates”	a set of general regulations and special conditions governing the execution of work and payment for works performed
“subcontractor”	a contractor who is appointed by the main contractor or another subcontractor and generally responsible for specific delegated works in a project

## FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Industry Overview”, “Business”, “Financial Information” and “Future Plans and Proposed Use of Proceeds” in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed “Risk Factors” in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our operations and business prospects;
- our business strategies and plan to achieve these strategies;
- our contracts on hand;
- our future debt levels and capital needs;
- the regulatory environment of our industry in general;
- our financial conditions and performance;
- the nature of, and potential for, future development of our business;
- future development in our industry; and
- our dividend policy.

The words “aim”, “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “plan”, “project”, “seek”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to the risk factors described in the section headed “Risk Factors” in this prospectus. One or more of these risks or uncertainties may materialise.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and does not undertake to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or developments or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this prospectus.

## 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

#### **We rely on public sector projects which by their nature are only awarded by a limited number of customers who are normally Government and/or various institutional bodies**

We have relied and will focus on public sector projects which by their nature are only procured by a limited number of customers who are normally Government Departments and/or various institutional bodies. During the three years ended 31 March 2016 and the four months ended 31 July 2015 and 2016, our revenue attributable to public sector projects amounted to approximately HK\$1,493.6 million, HK\$940.5 million, HK\$566.6 million, HK\$148.0 million and HK\$386.8 million, respectively, representing approximately 55.2%, 44.4%, 22.6%, 12.9% and 71.2% of our total revenue, respectively.

Our results of operations will continue to rely on the followings: (i) our ability to continue to secure public sector projects from our customers; (ii) the Government's policy of providing public housing and facilities; 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.

There is no guarantee that our customers will provide us with new business or that we will secure new customers. Our relationships with our major customers are non-exclusive and at arm's length. Our business and profitability may be materially and adversely affected by any material reduction in spending by the Government or various institutional bodies on public sector works and/or delay in awarding contracts of such works by the Government.

#### **It is not uncommon in our industry to have numerous construction disputes and litigation, and 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 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.

## RISK FACTORS

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, Senior Management and Staff" 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.

### **We rely on subcontractors to help complete 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 27.4%, 28.9%, 35.1% and 44.8% 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 substandard 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. Moreover, 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.

## RISK FACTORS

### **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 terminate the contract.

In general, 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 termination 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 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.



## RISK FACTORS

### **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 safety manual. For details, please refer to the section headed “Business — Work Safety” in this prospectus. We monitor and supervise 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 qualifications or licences to be suspended or not renewed.

Furthermore, public project tenders are generally evaluated by taking into account a number of factors, which includes 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.

### **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 section headed “Business — Key Project Terms” in this prospectus for further details. As at 31 March 2014, 2015 and 2016 and 31 July 2016, retention receivables of approximately HK\$139.7 million, HK\$190.2 million, HK\$136.8 million and HK\$148.1 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.

### **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.

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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 had a net operating cash outflow from our operating activities for the four months ended 31 July 2015 and 2016. If we are unable to meet our payment obligations, our business, financial condition and results of operations may be materially and adversely affected**

We recorded a net operating cash outflow of approximately HK\$16.3 million and HK\$150.9 million for the four months ended 31 July 2015 and 2016, respectively. For further information, please refer to the section headed “Financial Information — Liquidity and Capital Resources” of this prospectus. We cannot assure you that we will not experience a net operating cash outflow in the future. Having a net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. For example, if we do not have sufficient net cash flow to fund our future capital requirements, pay our trade and bills payables and repay our outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or curtail our development and expansion plans. As a result, our business, financial condition and results of operations may be adversely affected.

### **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 when numerous projects are 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.

### **Corruption and improper behaviors of our employees may affect our operation and reputation**

In the construction industry, corruption practices may include, among others, acceptance of kickbacks, bribes or other illegal gains or benefits by companies or relevant persons in the construction industry from materials providers for the purpose of obtaining or retaining business. We cannot assure you that none of our employees has engaged in, or will engage in corruption or other improper conduct or violate applicable anti-corruption laws. Besides, certain risks relating to overall monitoring system,

## RISK FACTORS

including inappropriate and inconsistent practices, failure to detect unethical behaviors, wrong doings or potential frauds and unauthorised access to confidential information could also lead to unfavourable publicity and administrative or criminal liabilities. Our Group has endorsed staff handbook and Company policies which require all the employees of our Group to follow. However, there can be no assurance that such procedures and established internal controls will adequately protect them against fraudulent and/or corrupt activity and other improper behaviors and such activity/behaviors could have an adverse effect on our Group's business, reputation, results of operations, financial condition and/or prospects.

### **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.

### **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 and third party liability 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 by our insurances. 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 result in additional expenditure incurred by our Group to comply with such revised requirements. Any non-compliance may lead to fines and/ or suspension of works.

### **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

## RISK FACTORS

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 us winning future bids.

### **We have no control over our joint venture partner and any actions taken by our joint venture partner may adversely affect our joint venture and in turn affect the operation of our Group**

We have a joint venture during the Track Record Period and may set up more joint ventures to undertake construction projects in the future. 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.

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

Our business operations are mostly conducted outdoors and are affected by adverse weather conditions. If adverse 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 adverse 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.

## RISK FACTORS

### 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 and public facilities policies, 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 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 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 licences 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 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.

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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.

In addition, certain qualifications and/or licenses may require our Company to maintain a minimum number of technical director and/or authorised signatory. There is no assurance that the existing authorised signatories or technical directors of our Company will not resign or otherwise cease to serve our Company in the future. In such event, if we are unable to locate suitable replacement of qualified personnel in a timely manner, we may not be able to maintain such qualification and/or license, which will in turn have a material and adverse impact on our business, financial positions and prospect.

### **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.

#### **Political objections may cause delay in the approval of some of our public projects**

Certain public projects of our Group require approvals from the Legislative Council of Hong Kong and/or its committee. Therefore, any political objections by law-makers and/or protests or legal actions by affected individuals or entities affecting the operation of the Legislative Council of Hong Kong and/or its committee may delay such approval. Further, 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 any Shares which may be allotted and issued upon the exercise of the Over-allotment Option). 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\$0.556 per Share based on the maximum price of HK\$1.1 per Share. For further information, please refer to the sections headed “Financial Information — Unaudited Pro Forma Statement of Adjusted 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.

## RISK FACTORS

**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 Sole Coordinator (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.

**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 9 February 2017. However, trading of the Shares on the Main Board will not commence until the Listing Date, which is expected to be on 20 February 2017. 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 during 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 Cayman 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 section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.



## RISK FACTORS

**Certain undertakings our Controlling Shareholders have given pursuant to the Public Offer Underwriting Agreement may not be enforced effectively by our Company, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters**

Pursuant to the Public Offer Underwriting Agreement, our Controlling Shareholders have irrevocably and unconditionally undertaken to our Company, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters for an additional 24 months commencing on the expiry date of the first 12 months period after Listing not to, among other things, offer, allot, issue, sell, transfer or dispose of any Shares such that our Controlling Shareholders would, immediately following such events, cease to be a Controlling Shareholder of our Company. Please refer to the section headed “Underwriting — Lock-up Undertakings Pursuant to the Public Offer Underwriting Agreement — Undertaking by each of the controlling Shareholders” in this prospectus for further details. Given that these undertakings are given to our Company, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters only and are in addition to the undertakings required to be given by us and our Controlling Shareholders pursuant to Rules 10.07(1) and 10.08 of the Listing Rules, there is a risk that our Company, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters may fail to enforce such undertakings effectively. The sale of a substantial number of Shares by our Controlling Shareholders or the market perception that such sale may occur during the said 24-month period could materially and adversely affect the prevailing market price of the Shares.

**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.

## RISK FACTORS

### 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 building construction and building maintenance 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 Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners 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 Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners 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.

## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

### CONNECTED TRANSACTIONS

Members of our Group have entered into, and are expected to continue, upon Listing, certain transactions which will constitute non-exempt continuing connected transactions under the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. For further details of such waiver, please refer to the section headed "Connected Transactions" in this prospectus.

## 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 (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purposes of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer 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 us, the Sponsor, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus, and the procedures for applying for the Public Offer Shares and the Reserved Shares are set out in the section headed "How to Apply for Public Offer Shares and Reserved Shares" in this prospectus and in the relevant Application Forms.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it is correct as of any subsequent time.

### UNDERWRITING

This prospectus is published in connection with the Share Offer. The Listing is sponsored by the Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms and conditions of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Sole Coordinator (for itself and on behalf of the Underwriters) and our Company. The Share Offer is managed by the Sole Coordinator.

**If, for any reason, the Offer Price is not agreed on or before Monday, 13 February 2017, the Share Offer will not proceed and will lapse.** Further details about the Underwriters and the underwriting arrangements are contained in the section headed "Underwriting" in this prospectus.

## **RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES**

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong (save for the Preferential Offer made to the Qualifying Vantage Shareholders). Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The Public Offer Shares and the Reserved Shares are offered to the public and the Qualifying Vantage Shareholders, respectively, 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 Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of their respective directors or any other person involved in the Share Offer.

Each person acquiring the Offer Shares will be required, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions 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.

The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exception therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC and the United States.

## **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including Shares to be issued pursuant to the Capitalisation Issue and Shares which may be made available under the exercise of the Over-allotment Option) on the Main Board.

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 is proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

### **HONG KONG BRANCH SHARE REGISTER AND STAMP DUTY**

Our Company's principal register of members will be maintained by our principal registrar, Estera Trust (Cayman) Limited, in the Cayman Islands and our Company's branch register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong.

No stamp duty is payable by applicants in the Share Offer.

Dealings in the Shares registered in our Hong Kong Branch Share Registrar will be subject to Hong Kong stamp duty. Only Shares registered on our Hong Kong register of members may be traded on the Stock Exchange.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of listing of, and permission to deal in, the 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 date of commencement of dealings in the Shares on the Stock Exchange or any other date as 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 advice of their stock brokers or other professional advisers for details of the settlement arrangements that may affect their rights and interests. All necessary arrangements have been made for the Shares to be admitted into CCASS.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in the Shares. None of our Group, the Sponsor, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, or any of their respective directors, agents or advisers or any other person involved in the Share Offer accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of, dealing in, or exercising any rights in relation to, our Shares.

### **COMMENCEMENT OF DEALINGS IN THE SHARES**

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 20 February 2017, it is expected that dealings in our Shares on the Main Board will commence at 9:00 a.m. on Monday, 20 February 2017. Shares will be traded in board lots of 4,000.

The stock code for the Shares is 1627.

## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

### **PROCEDURES FOR APPLICATION FOR PUBLIC OFFER SHARES AND RESERVED SHARES**

The procedures for applying for the Public Offer Shares and the Reserved Shares are set out in the section headed “How to Apply for Public Offer Shares and Reserved Shares” in this prospectus and the relevant Application Forms.

### **OVER-ALLOTMENT OPTION**

Details of the Over-allotment Option are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

### **STRUCTURE OF THE SHARE OFFER**

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

### **ROUNDING**

Certain amount and percentage figures included in this prospectus have been subject to rounding adjustments or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere in this prospectus between totals and sums of individual amounts listed therein are due to rounding.

### **EXCHANGE RATE 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.

### **WEBSITE**

The contents of any website mentioned in this prospectus do not form part of this prospectus.

### **LANGUAGE TRANSLATION**

The English language version of this prospectus has been translated into the Chinese language and English and Chinese versions of this prospectus are being published separately. If there should be any inconsistency between the English and Chinese versions, the English version shall govern.

## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

### DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Ngai Chun Hung (魏振雄)	No. 3987, Tai Po Road Yuen Chau Tsai, Tai Po N.T., Hong Kong	Chinese
Mr. Ip Yik Nam (葉亦楠)	Flat C, 16/F, Skyview Cliff 49 Conduit Road, Mid-levels Hong Kong	Chinese
Mr. Yau Kwok Fai (游國輝)	Flat A, 1/F, Pine Tree Gardens 4 Ede Road, Kowloon Tong Kowloon, Hong Kong	Chinese
Mr. Yam Kui Hung (任鉅鴻)	Flat A, 7/F Arch Court 59-61 Sheung Shing Street Homantin, Kowloon Hong Kong	Chinese
Mr. Lau Chi Fai Daniel (劉志輝)	Flat C, 17/F, Block 11 Tai Po Centre, Tai Po N.T., Hong Kong	Chinese
Mr. Cheung Ho Yuen (張浩源)	Flat F, 12/F, Block 1 Flora Plaza, Fanling N.T., Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Dr. Li Yok Sheung (李毓湘)	Flat C, 19/F, Tower 8 Vista Paradiso, 2 Hang Ming Street Ma On Shan, N.T., Hong Kong	Chinese
Ms. Mak Suk Hing (麥淑卿)	Flat B, 10/F, Block 5 Majestic Park, 11 Farm Road Kowloon, Hong Kong	Chinese
Ms. Leung Yuen Shan Maisy (梁婉珊)	Flat C, 50/F, Block 1 Ocean Shores, Tseung Kwan O N.T., Hong Kong	Chinese

Further information of our Directors is disclosed in the section headed "Directors, Senior Management and Staff" in this prospectus.



## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

### PARTIES INVOLVED IN THE SHARE OFFER

<b>Sponsor</b>	<b>Ample Capital Limited</b> Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
<b>Sole Coordinator</b>	<b>Ample Orient Capital Limited</b> Unit 902, Far East Consortium Building 121 Des Voeux Road Central Hong Kong
<b>Joint Bookrunners and Joint Lead Managers</b>	<b>Ample Orient Capital Limited</b> Unit 902, Far East Consortium Building 121 Des Voeux Road Central Hong Kong  <b>Convoy Investment Services Limited</b> 21/F, Tesbury Centre 28 Queen's Road East Admiralty Hong Kong  <b>First Shanghai Securities Limited</b> Room 1903, Wing On House 71 Des Voeux Road Central Hong Kong  <b>Guoyuan Capital (Hong Kong) Limited</b> 22/F, CCB Tower 3 Connaught Road Central Hong Kong
<b>Co-Managers</b>	<b>Pacific Foundation Securities Limited</b> 11/F, New World Tower II 16-18 Queen's Road Central Hong Kong  <b>China-Hong Kong Link Securities Company Limited</b> 17/F, 80 Gloucester Road Wanchai Hong Kong

## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

### **Head & Shoulders Securities Limited**

Room 2511, 25/F, Cosco Tower  
183 Queen's Road Central  
Hong Kong

### **Quam Securities Company Limited**

18/F-19/F, China Building  
29 Queen's Road Central  
Hong Kong

### **Innovax Capital Limited**

Room 2002, 20/F, Chinachem Century Tower  
178 Gloucester Road  
Wan Chai  
Hong Kong

### **Legal advisers to our Company**

*As to Hong Kong law:*

#### **Howse Williams Bowers**

27/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

*As to Cayman Islands law:*

#### **Appleby**

2206-19 Jardine House  
1 Connaught Place  
Central  
Hong Kong

### **Legal advisers to the Sponsor and the Underwriters**

*As to Hong Kong law:*

#### **Francis & Co.**

**in association with**

#### **Addleshaw Goddard (Hong Kong) LLP**

802-804 Champion Tower  
3 Garden Road  
Central  
Hong Kong

### **Reporting accountants**

#### **Ernst & Young**

*Certified Public Accountants*

22nd Floor, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

<b>DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER</b>
--

**Industry consultant**

**Crowe Horwath (HK) Consulting &  
Valuation Limited**  
9/F, Leighton Centre  
77 Leighton Road  
Causeway Bay  
Hong Kong

**Compliance adviser**

**Ample Capital Limited**  
Unit A, 14/F  
Two Chinachem Plaza  
135 Des Voeux Road Central  
Central  
Hong Kong

**Receiving bank**

**Bank of China (Hong Kong) Limited**  
1 Garden Road  
Hong Kong

## CORPORATE INFORMATION

<b>Registered office</b>	PO Box 1350, Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
<b>Headquarters and principal place of business in Hong Kong</b>	155 Waterloo Road Kowloon Tong Kowloon, Hong Kong
<b>Authorised representatives</b>	Mr. Ip Yik Nam Flat C, 16/F, Skyview Cliff 49 Conduit Road, Mid-levels Hong Kong  Mr. Lee Chi Fai Room G, 20/F, Block 16 Charming Garden 8 Hoi Ting Road Mongkok, Hong Kong
<b>Company secretary</b>	Mr. Lee Chi Fai <i>Certified Public Accountant</i>  Room G, 20/F, Block 16 Charming Garden 8 Hoi Ting Road Mongkok, Hong Kong
<b>Company's website</b>	<a href="http://www.ableeng.com.hk">www.ableeng.com.hk</a>
<b>Audit committee</b>	Ms. Leung Yuen Shan Maisy ( <i>Chairwoman</i> ) Dr. Li Yok Sheung Ms. Mak Suk Hing
<b>Remuneration committee</b>	Dr. Li Yok Sheung ( <i>Chairman</i> ) Mr. Yau Kwok Fai Ms. Mak Suk Hing Ms. Leung Yuen Shan Maisy
<b>Nomination committee</b>	Mr. Ngai Chun Hung ( <i>Chairman</i> ) Dr. Li Yok Sheung Ms. Mak Suk Hing Ms. Leung Yuen Shan Maisy
<b>Cayman Islands principal share registrar and transfer office</b>	Estera Trust (Cayman) Limited Clifton House 75 Fort Street, PO Box 1350 Grand Cayman KY1-1108 Cayman Islands

## CORPORATE INFORMATION

**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  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

Nanyang Commercial Bank, Limited  
Yaumati Sub-branch  
309 Nathan Road  
Kowloon, Hong Kong

Dah Sing Bank, Limited  
35/F, Dah Sing Financial Centre  
108 Gloucester Road  
Wan Chai, Hong Kong

## INDUSTRY OVERVIEW

*This section contains certain information which is derived from official Government resources and a commissioned report, the CH Report, prepared by Crowe Horwath (HK) Consulting & Valuation Limited, which is an Independent Third Party. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of CH Report which may qualify, contradict or have a material and adverse impact on the information in this section. The information has not been independently verified by us, the Sponsor, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners, the Underwriter(s) or any other party involved in the Share Offer and no representation is given as to the accuracy of the CH Report. After taking reasonable care, our Directors confirm that there has been no adverse change in the market information since the date of the CH Report up to the Latest Practicable Date.*

### SOURCE OF INFORMATION

We commissioned Crowe Horwath, an independent industry consultant, to conduct a market analysis of and to provide a research report on, among other things, the building construction and maintenance industry in Hong Kong for the period from 2011 to 2020. CH provides independent and objective audit, tax, industry research and advisory services. Certain information set forth in this section has been extracted from the CH Report. The CH Report is independent from our influence. CH received a total commission of HK\$300,000 for the research and preparation of the CH Report. The payment of such amount was not conditional on our successful Listing or on the research findings of the CH Report.

The CH Report was prepared based on a top-down approach, utilised both primary and secondary research, and attempted to cross check each significant finding with multiple sources. Their primary research included site visits, management interviews and consultation with industry experts to verify information from third party sources and data collection and cleansing. Their secondary research included internet research, articles, publications and knowledge base search. Any projections in the CH Report were done utilising a mix of both qualitative and quantitative analysis. Whenever applicable, a set of historical data is used as a basis for its projections, and if necessary, adjustments are subsequently made for projection purposes and to ensure data relevancy.

The following assumptions are used in the CH Report:

- There will not be substantial incidents such as political, administrative developments or natural disasters causing the economic condition to differ significantly from the forecasts, or adversely affect the building construction and maintenance industry in Hong Kong.
- The economy of Hong Kong will not experience significant and substantial recession in near future.

## INDUSTRY OVERVIEW

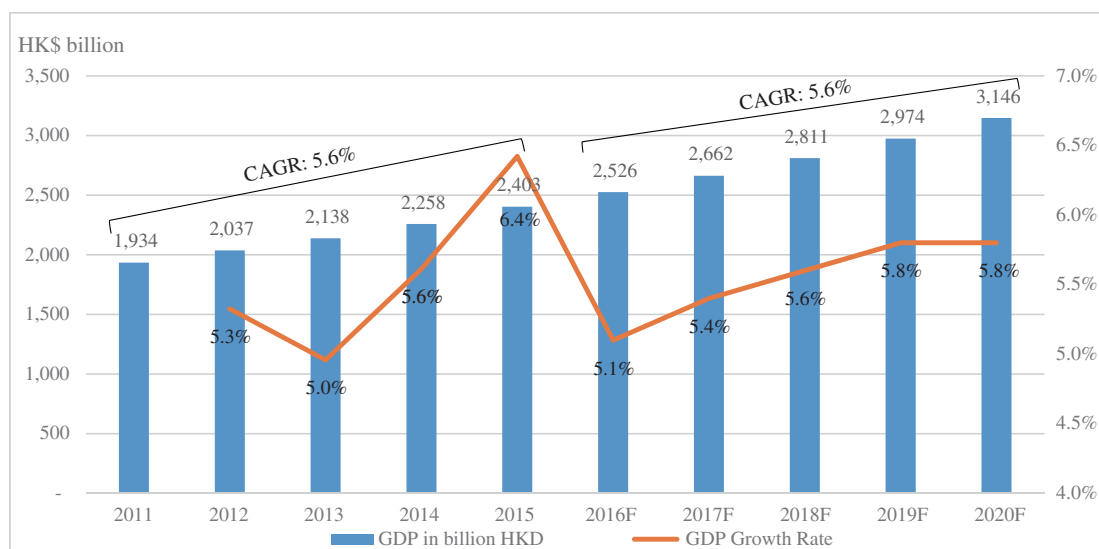
### RELIABILITY OF INFORMATION IN THE CH REPORT

We are of the view that sources of information used in this section, which are extracted from the CH Report, are reliable and not misleading as Crowe Horwath is an independent market research company with extensive experience in their profession. Some of the analytical conclusions extracted from the CH Report cover future forecasts. We consider the future forecasts, and the associated major bases and assumptions to be reliable, accurate and not misleading after taking into account that Crowe Horwath is an independent market research company with extensive experience in their profession. Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of the CH Report which may qualify, contradict or have a material impact on the information in this section.

### OVERVIEW OF MACROECONOMIC ENVIRONMENT IN HONG KONG

#### GDP and GDP growth rate

##### Overall GDP and GDP growth rate in Hong Kong (2011-2020)



Source: Census and Statistics Department of Hong Kong; CH Report

The economy of Hong Kong experienced continuous growth in the past. This is reflected by successful increases of the GDP throughout the years, from HK\$1,934.4 billion in 2011 to HK\$2,402.5 billion in 2015, representing a CAGR of approximately 5.6% and is forecasted to reach HK\$3,145.9 billion in 2020, representing a CAGR of approximately 5.6%.

## INDUSTRY OVERVIEW

The recent vote for Brexit of United Kingdom from the European Union causes uncertainty to the global economic outlook, as well as increases financial market volatility. However, Hong Kong's economy will be still greatly benefited from the growth of Chinese economy but mirrors in a slower pace. The weakness of Western countries imposes opportunities for growth of China economy. After financial tsunami in 2008 and European debt crisis at the end of 2009, Western countries suffered a lot that their growth of GDP remained at very low level. Interest rates in US and Europe had to maintain at very low level or even negative in order to boost the economy. Because of that, most of the multinational corporations have shifted their focus towards China market which has become the growth engine of global GDP since financial crisis.

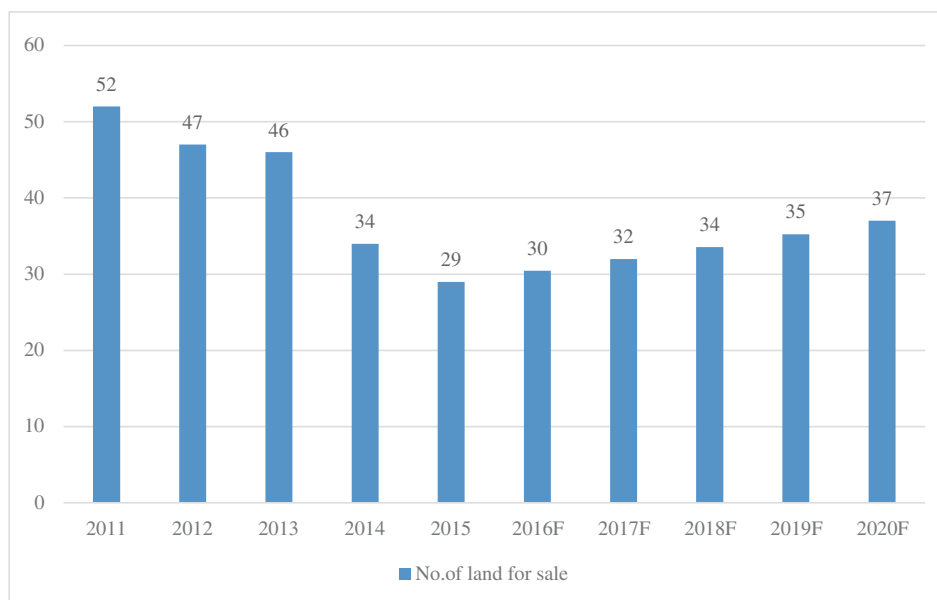
### OVERVIEW OF PROPERTY MARKET IN HONG KONG

#### Land supply for residential use in Hong Kong

In 2014, the Hong Kong Government has cancelled the land application list system and adopted an auction system instead. The aim was for the Government to have full control over land supply so as to eliminate the influence of developers. By this act, the Government plans to increase the supply of residential housing units to meet housing demand, and to stabilise the property market.

There was a general decrease in land sale for residential use in the past 5 years, from 52 units of land in 2011 to 29 units of land in 2015. The shrinking in land supply can be reasonably conjectured when the land shortage problem continues to haunt the Hong Kong Government. The Hong Kong Government has been very aggressive on increasing land supply especially for residential usage recently.

Land supply for residential use in Hong Kong (2011-2020)



Source: Development Bureau of Hong Kong; Crowe Horwath

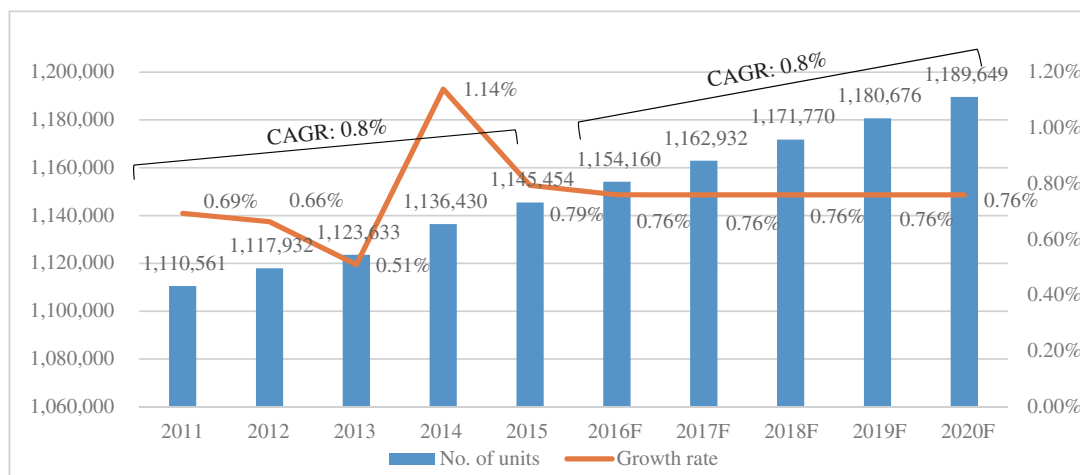


## INDUSTRY OVERVIEW

### Residential property market supply

The overall number of residential property units increased from 1,110,561 in 2011 to 1,145,454 in 2015, representing a CAGR of approximately 0.8%. Residential property vacancy rate remained to be low and showed a gradual decrease in the past 5 years, reaching 3.7% in 2015. The residential property market supply in Hong Kong will most likely continue to increase in the forecast years, as it is being driven by the strong demand from its citizens and by the support of the Government to increase the supply of residential property.

**Supply of residential property units in Hong Kong (2011-2020)**



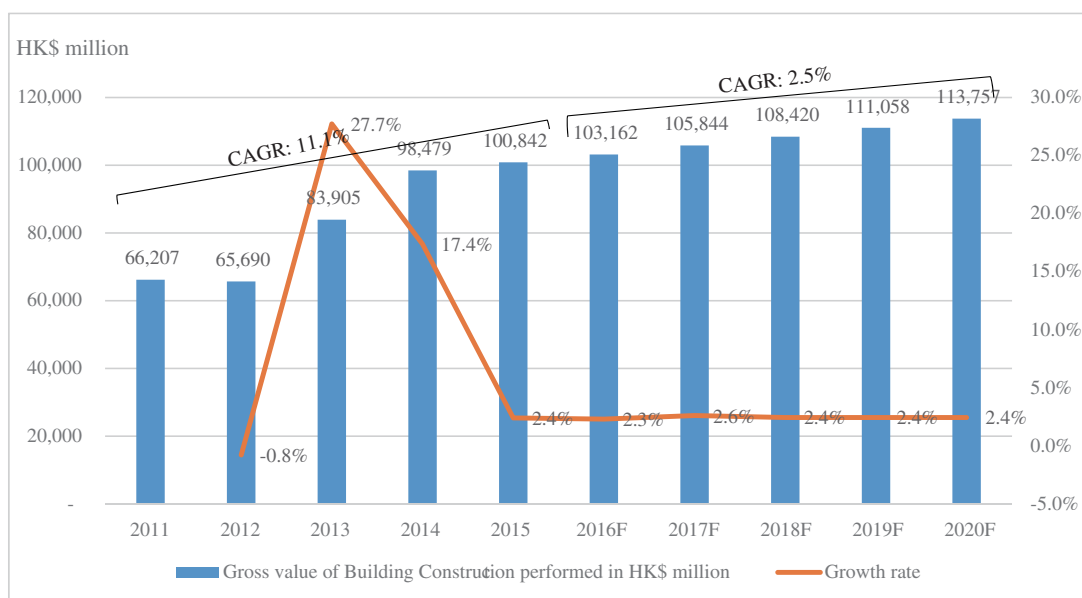
Source: Rating and Valuation Department of Hong Kong; CH Report

### OVERVIEW OF THE BUILDING CONSTRUCTION AND RMAA INDUSTRY IN HONG KONG

Gross value of building construction in Hong Kong increased from approximately HK\$66.2 billion in 2011 to approximately HK\$100.8 billion in 2015, representing a CAGR of approximately 11.1%, and is forecasted to reach HK\$113.8 billion in 2020, representing a CAGR of approximately 5.6%. The property market had shown strong demand for construction works in the past years, especially for the public housing projects from the government and office buildings from private sector. The growth drivers of industries are the initiatives undertaken by the Government to stabilize property market prices by increasing the supply of both private and public residential units.

## INDUSTRY OVERVIEW

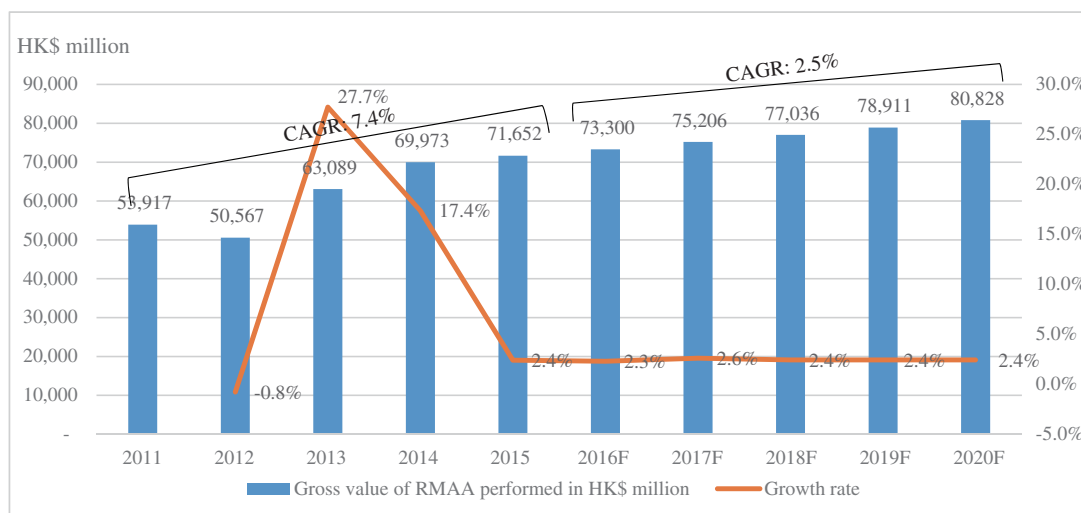
### Gross value of building construction in Hong Kong (2011-2020)



Source: Census and Statistics Department of Hong Kong; CH Report

There was an upward trend of growth in the gross value of RMAA in the past years, from about HK\$53.9 billion in 2011 to HK\$71.7 billion in 2015, representing a CAGR of approximately 7.4%, and is forecasted to reach HK\$80.8 billion in 2020, representing a CAGR of approximately 2.5%. The increase was driving by the Urban Renewal Authority which aimed to set out urban renewal plans to improve building safety, as the aging of residential buildings has been a growing concern in Hong Kong. Urban renewal subsidy schemes such as the mandatory building inspection subsidy scheme, the integrated building maintenance assistance scheme and the Operation Building Bright were implemented to encourage owners to participate in urban renewal in an active manner.

### Gross value of RMAA in Hong Kong (2011-2020)



Source: Census and Statistics Department of Hong Kong; CH Report

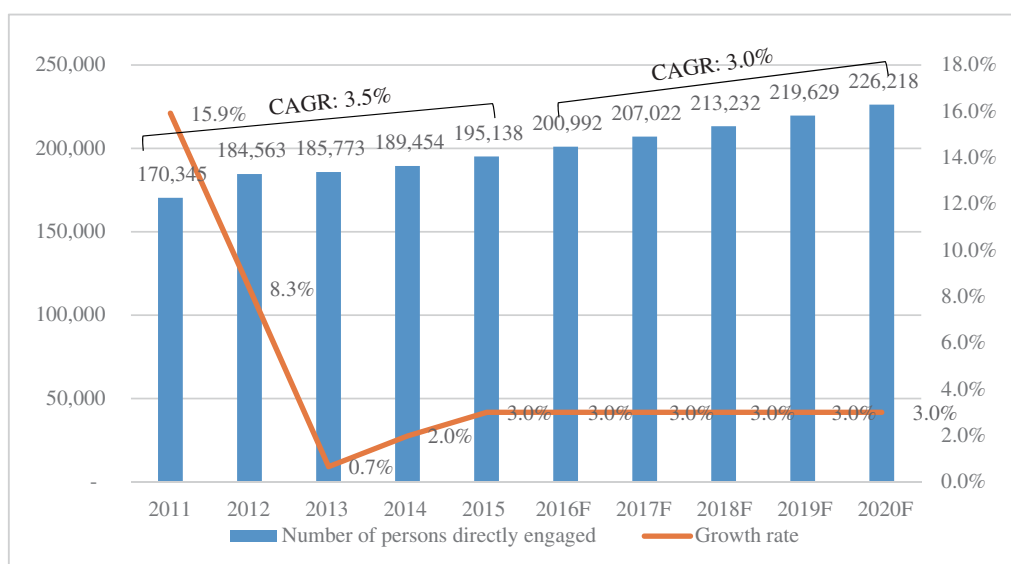
## INDUSTRY OVERVIEW

Gross value of building construction and RMAA in Hong Kong increased from approximately HK\$120.1 billion in 2011 to approximately HK\$172.5 billion in 2015, representing a CAGR of approximately 9.5%, and is forecasted to reach HK\$194.6 billion in 2020, representing a CAGR of approximately 3.1%.

### Number of workers in the building construction and RMAA industry

The number of construction workers increased from 170,345 in 2011 to 195,138 in 2015, representing a CAGR of approximately 3.5%. This upward trend of growth was mainly driven by the large demand for construction projects launched by the Government aiming at increasing public housing supply in the next 5 years; and also large demand for office buildings from corporates wishing to set up operations in Hong Kong. Despite the fact that large number of construction workers needed to be hired to execute these projects, the skilled workforce is not readily available to meet the market demand. In addition, the growth rate of the workforce is steady but at low level, as it is difficult to attract new young workers to join the industry. Due to increasing salary and appropriate training provided by Government, the number of workers for construction industry is expected to rise in the forecast period, recording an annual growth rate of 3.0%.

**Number of workers in the building construction and maintenance industry (2011-2020)**



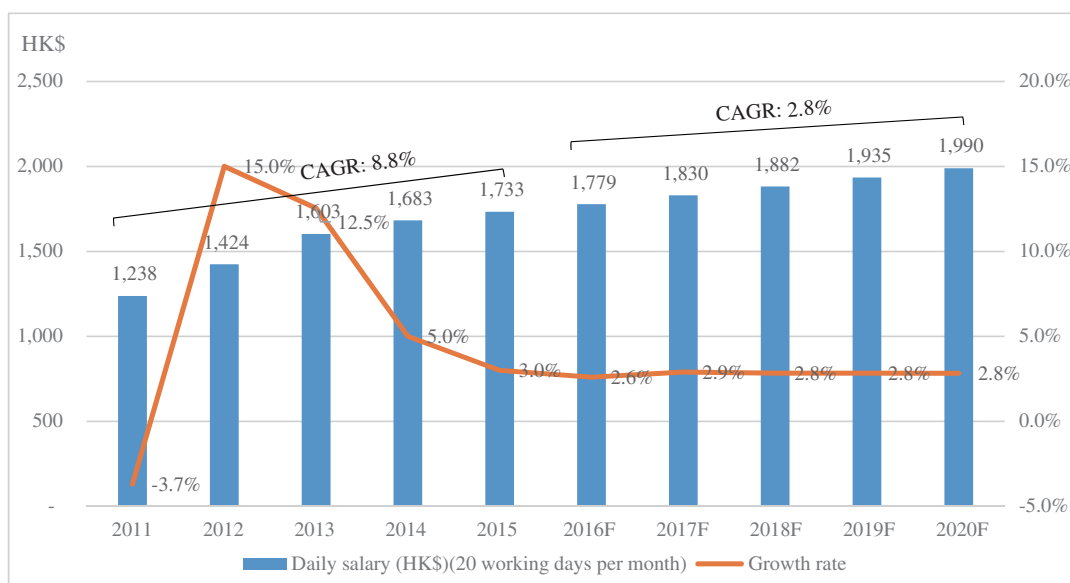
Source: Rating and Valuation Department of Hong Kong; CH Report

## INDUSTRY OVERVIEW

### Average daily wage for workers in the building construction and RMAA industry

The average daily wage has been rising throughout the years, from HK\$1,238 in 2011 to HK\$1,733 in 2015. This upward trend of growth was mainly driven by the large demand for infrastructure and residential projects launched by the Government. There was a shortage of skilled construction workers to take up the works. There are many factors resulting in the insufficiency. For example, the aging population and the difficulty in attracting young talents into the industry. Competition is another important factor. When there has been increasing demand for skilled labour from mainland China, bargaining power of the targeted workers increases. The rising average salary of construction sector in China also adds pressure to Hong Kong's construction companies.

**Average daily wage for workers in building construction and maintenance industry (2011-2020)**



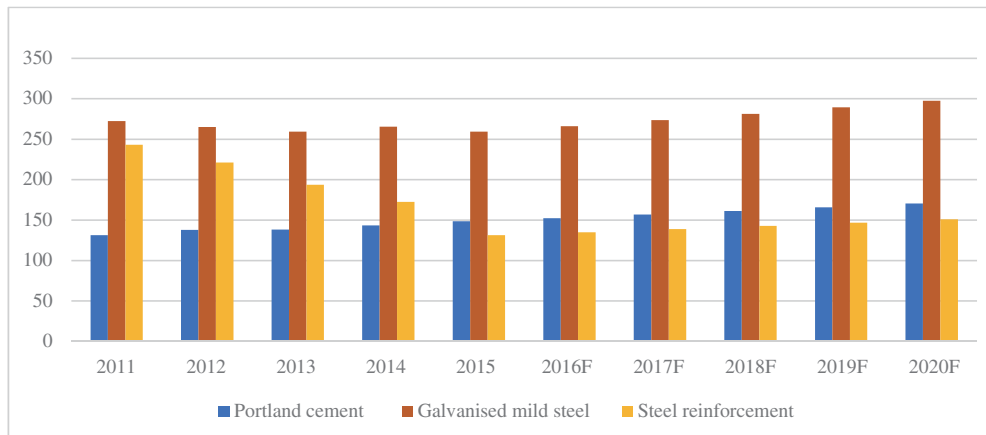
Source: Rating and Valuation Department of Hong Kong; CH Report

### Trend of price for key construction materials

Among the key construction materials, portland cement, galvanised mild steel and steel reinforcement are chosen as the proxy as the major costs for building construction industry because of their importance during building construction. The price trend of Portland cement rose steadily throughout the reviewed years, this trend is expected to continue in the forecast years. While for galvanised mild steel and steel reinforcement, their prices showed a decreasing trend from 2011 to 2015 due to the slump in commodity market over the years. It is expected that the prices of galvanised mild steel and steel reinforcement will grow along with the overall commodity market after 2015.

## INDUSTRY OVERVIEW

### Historical Price Index of Key Construction Materials in Hong Kong (2011-2020)(2008=100)



Source: Census and Statistics Department of Hong Kong; CH Report

### COMPETITIVE LANDSCAPE OF THE BUILDING CONSTRUCTION AND RMAA INDUSTRY IN HONG KONG

The building construction and RMAA industry in Hong Kong for both private and public sectors are highly competitive. For private sector, property developers are the major clients. Their major property types for construction projects are private buildings. In this private building sector, the larger the size of the developers, the higher the bargaining powers they possess. One of the main reasons behind is because of the low entry barrier of the building sector. According to the list of Register of General Building Contractors from the Buildings Department of Hong Kong, there were 709 registered general building contractors in Hong Kong as at the Latest Practicable Date. The services and products provided by contractors are considered to be rather homogeneous. The other main reason is because large developers often have long term relationships with particular contractors. Other contractors would find it very difficult to enter into the private market without forming relationships with these developers.

For public sector, not all contractors can take up the Government projects. To be the approved contractors for Housing Authority, the contractors need to have licenses. The approved contractors can be classified into the New Works category and the Maintenance category in which there are 41 and 45 contractors within these two categories respectively. Both categories are then subdivided into two smaller groups, in which each group consists of 2 levels. These are group NW1 and NW2 for the New Works category, and group M1 and M2 for the Maintenance Works category. While for taking up projects of Architectural Services Department, contractors have to be within the list of approved contractors of Development Bureau.

## INDUSTRY OVERVIEW

The following table illustrated the ranking of contractors in building construction and RMAA industry in terms of revenue:

Ranking	Contractors	Revenue in 2015 (HK\$ million)	Market Share (%)
1	Contractor A	11,234	6.5%
2	Contractor B	10,696	6.2%
3	Contractor C	7,444	4.3%
4	Contractor D	4,572	2.7%
5	Contractor E	2,517	1.5%
<b>6</b>	<b>Our Group</b>	<b>2,503</b>	<b>1.5%</b>
7	Contractor F	1,809	1.0%
8	Contractor G	1,326	0.8%
9	Contractor H	1,030	0.6%
10	Contractor I	813	0.5%
	Others	128,550	74.4%
	Total	172,494	

*Source:* Financial statements of contractors; CH Report

*Note:* Revenue of our Group represents our total revenue for the year ended 31 March 2016.

### Factors of competition

#### *Reputation*

It is important for a contractor to deliver a positive firm image to its clients. Strong reputation of a contractor can garner client's confident. This can lead to establishment of long-term business relationship. Reputation is based on contractor's previous track record of successful projects.

#### *Financial capability*

Contractors are required by the Development Bureau and the Housing Authority to submit their financial information in order to tender for public works and public housing development contracts. This prerequisite acts as an entry barrier which automatically disqualifies contractors who do not have sufficient capital or are financially distressed. It is therefore crucial for contractors to have exclusive financing skills and to establish good relationships with banks. Banks can provide financial support to contractors in times of competing for public works contracts and implementing company strategies to maintain competitive advantages.

## INDUSTRY OVERVIEW

### *Project management skills*

A construction project is carried out by the project team. It is crucial for the team to work effectively and efficiently throughout the project to deliver high quality products and services on time. Skillful project management enables the coordination of successful teamwork. Contractors that have the ability to acquire top-tier project managers and a workforce of experienced workers would have a competitive advantage in the market.

### *Price*

Although price is not the sole factor for the client to consider the suitability of the contractor for a project, it is still heavily reviewed. In order to maximise profit, clients will initially consider contractors who offer lower prices. For contractors, it is important for them to maintain good business relationships with material suppliers and subcontractors, in order to have stable supply and competitive quotation.

### **Entry barriers**

The major entry barriers in the construction industry for main contractors include proven track records, industry experience and relationships with other contractors. New entrants have great disadvantage in building trust with clients when competing with contractors that have strong proven track records. It would be difficult for new entrants to recruit experienced management and technical staff. Establishing a good relationship with other working parties can promote better cooperation and ensure a smooth operation. However, new entrants may not have such existing cooperative relationships in a short period of time.

The entry barrier for taken up public projects is high because only qualified contractors with required licenses can be within the authority's approved list of contractors.

### **Opportunities**

#### *Increasing residential land supply*

The 2016 Policy Address stated the Housing Authority and the Hong Kong Housing Society will produce 97,100 public housing units over the next five years. Public housing is expected to grow in the following years only if the land supply challenge can be successfully tackled.

#### *Increasing public expenditure on infrastructure*

According to the Development Bureau, the annual spending of the Capital Works Programme is maintaining at the level around HK\$70 billion, and is expected to be constant in the following years. The past 5 years, about HK\$370 billion was approved by the Legislative Council Finance Committee. About 70% of the spending was used for the Ten Major Infrastructure Projects. The remaining 30% was used for other projects of varying scales.

## INDUSTRY OVERVIEW

### *Upgrade of Hospital*

In the 2016-17 Budget, the Government has set aside a dedicated provision of HK\$200 billion for a ten-year hospital development plan to enable the Hospital Authority to expand and upgrade healthcare facilities in a more flexible and long-term manner. The funding will be used for the construction of several public hospitals and clinics, including the hospital to be built in the Kai Tak Development Area. The redevelopment projects which includes the Queen Mary Hospital and United Christian Hospital. In addition, there will be expansion projects which includes the Haven of Hope Hospital, Prince of Wales Hospital and Grantham Hospital.

### *Regulating unauthorised building works*

Urban renewal subsidy schemes such as the Mandatory Building Inspection Subsidy Scheme, the Integrated Building Maintenance Assistance Scheme and the Operation Building Bright were implemented to encourage owners to participate in urban renewal in an active manner. This created opportunities for maintenance, alteration and addition works for the construction industry.

### *Conversion of Government, Institution or Community (GIC) sites*

In the past 5 years, the Government was determined to develop more public housing units by increasing residential land supply. It aimed to convert GIC sites into residential or commercial land use. From 2013 to 2015, 48 GIC sites had already been converted into residential land use. According to the 2016 Policy Address, the Government will continue to identify convertible GIC sites, such as rezoning the multi-storey carparks at Murray Road in Central and the government site at Caroline Hill Road into commercial use.

### *Growth opportunity for the property industry*

Property industry in Hong Kong is embracing great growth prospect outside Hong Kong. Since the property industry is an important end user of the construction and maintenance industry, the spillover effect can be significant as well. The opportunities include but not limited to regional infrastructure and residential projects, active market in mainland China, Belt and Road and green building initiative. In the 2016 policy address, the Housing Authority and the Hong Kong Housing Society will produce 97,100 public housing units over the next five years, of which 76,700 will be public rental housing units. Current proposals put forward several methods to rise to the challenge, which include rezoning, reclamation and developing the land originally designated to Country Park or brownfield and so on. With no further policy address released, public housing of 76,000 units is expected to be evenly distributed throughout the forecast period, adjustable to market changes.



## INDUSTRY OVERVIEW

### Threats

#### *Increasing material costs*

The overall price trend of key construction materials rose steadily throughout the years and is expected to continue in the forecast years. The situation becomes worse when most of the materials are imported from other regions, which means the price is subject to many other factors that are out of Hong Kong's control.

#### *Insufficient skilled labour*

The overall trend of construction worker wages in Hong Kong had been rising in the past years and is expected to continue in the coming years. This is mainly due to serious shortage of skilled labour and the increase in infrastructure development. The majority of the workforce in the construction industry is aging, and there is shortage in new workers. It is difficult in recruiting young labour in the construction industry.

#### *Increasing competition from the PRC and other regions*

There are competitions for the same pool of workforce from China and Macau region for large-scale construction projects. High salaries are offered to attract workers from Hong Kong. Although Hong Kong has more architectural designing talents, the Chinese construction industry is competitive. The investment scales for research and development and technological innovation in China are greater than those in Hong Kong. Taking long-term perspective into account, the threat from China is imminent.

## LAWS AND REGULATIONS

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

### LABOUR, HEALTH AND SAFETY

#### **A. 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 reasonably practicable, take care of the safety and health at work of all persons employed by the proprietor at the industrial undertaking by attending to the followings:

- providing and maintaining plant and systems of work that are, so far as is reasonably practicable, safe and without risks to health;
- making arrangements for ensuring, so far as is reasonably practicable, safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances;
- providing such information, instruction, training and supervision as is necessary to ensure, so far as is reasonably practicable, the health and safety at work of all persons employed by the proprietor at the industrial undertaking;
- so far as is reasonably practicable as regards any part of the industrial undertaking under the proprietor's control, maintaining it in a condition that is safe and without risks to health and providing and maintaining means of access to and egress from it that are safe and without such risks; and
- providing and maintaining a working environment for all persons employed by the proprietor at the industrial undertaking that is, so far as is reasonably practicable, 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 six 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 the foregoing commits an offence and is liable to a fine at level 5 (currently at HK\$50,000).

## LAWS AND REGULATIONS

In addition, certain matters are regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance such as the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), which requires a contractor to comply with certain requirements, which include, among others, (i) prohibition of employment of persons under 18 years of age (save for certain exceptions); (ii) construction, maintenance and inspection of hoist; (iii) duty to ensure safety of places of work; (iv) prevention of falls; (v) safety of excavations; (vi) duty to comply with miscellaneous safety requirements; and (vii) provision of first aid facilities. Any contractor who contravenes the foregoing without reasonable excuse commits an offence and is liable to a maximum fine of up to HK\$200,000 and imprisonment of 12 months.

### **B. 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.

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

- providing and maintaining plant and systems of work that are, so far as reasonably practicable, safe and without risks to health;
- making arrangements for ensuring, so far as reasonably practicable, safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- providing such information, instruction, training and supervision as may be necessary to ensure, so far as reasonably practicable, the safety and health at work of the employer's employees;
- as regards any workplace under the employer's control:
  - maintaining the workplace in a condition that is, so far as reasonably practicable, safe and without risks to health; or
  - providing and maintaining means of access to and egress from the workplace that are, so far as reasonably practicable, safe and without any such risks; and
  - providing and maintaining a working environment for the employer's employees that is, so far as reasonably practicable, 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 six months.

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The Commissioner for Labour may also issue (i) improvement notices against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance; (ii) or serve suspension notices on an employer who is responsible for, or on an occupier of, premises where a workplace is located, if of the opinion that because of an activity undertaken at the workplace or the condition or use of the workplace may create imminent risk of death or serious bodily injury to the employees. Failure to comply with such notices without reasonable excuse constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000, respectively, and imprisonment of up to 12 months. A further fine of HK\$50,000 per day during which the employer or occupier knowingly and intentionally fails to comply with the suspension notice.

### **C. 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 death 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 take out an insurance policy for an amount not less than HK\$200 million per event to cover its liability and that of its subcontractor(s) under the Employees' Compensation Ordinance. An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction upon indictment to a fine at level six (currently at HK\$100,000) and to imprisonment for two years and on summary conviction to a fine at level six (currently at HK\$100,000) and to imprisonment for one year.

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 any person who would have been liable to pay compensation to the injured employee.

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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 or Form 2B (within 14 days for general work accidents and within seven 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 seven and 14 days respectively, then such notice shall be given not later than seven 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.

### **D. 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 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 to the wages due to such an employee for two months without any deductions (such months shall be the first two months of the period in respect of which the wages are due).

An employee who has outstanding wage payments from the subcontractor must serve a notice in writing on the principal contractor within 60 days after the wage due date or another 90 days if permitted by the Commissioner for Labour. The 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).

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 the 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 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 deduct by way of set-off the amount paid by it from any sum due or may become due to the subcontractor in respect of the work that it has subcontracted.

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### **E. Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong)**

The Construction Workers Registration Ordinance provides, among others, for registration and regulation of construction workers. The principal object of the Construction Workers Registration Ordinance is to establish a system for registration of construction workers and to regulate construction workers who personally carry out construction work on construction site.

#### *1. Employment of Registered Construction Workers*

Under sections 3(1) and 5 of the Construction Workers Registration Ordinance, 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.

#### *2. Keeping and Submission of Site Daily Attendance Report*

Under the Construction Workers Registration Ordinance, a principal contractor/controller of a construction site is required to:

1. establish and maintain a site daily attendance report in the specified form that contains information of the registered construction workers who (i) are employed by the controller or, if the controller is the principal contractor, by the subcontractor of the controller, and (ii) personally carry out on the site construction work (section 58(7)(a) of the Construction Workers Registration Ordinance); and
2. furnish to 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 seven days after any construction work begins on the site; and
  - ii. for each successive period of seven days,

within two business days following the last day of the period concerned (section 58(7)(b) of the Construction Workers Registration Ordinance).

### **F. Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)**

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

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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 a 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.

### **G. 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 prevent having illegal immigrants from being on the construction site, and to prevent illegal workers who are not lawfully employable from taking employment on the construction site.

Where it is proved that an illegal immigrant was on a construction site, or 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.

### **H. Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)**

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently 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.

## **ENVIRONMENTAL PROTECTION**

### **A. 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) Regulations. The contractor responsible for a construction site shall devise and 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.

**B. Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong)**

Under the Air Pollution Control (Construction Dust) Regulation, “construction work” includes the construction, demolition and reconstruction of the whole or any part of any building or other structure and site formation. Under section 3 of the Air Pollution Control (Construction Dust) Regulation, the contractor responsible for a construction site where any notifiable work is proposed to be carried out shall give notice to the public officer appointed under the Air Pollution Control Ordinance of the proposal to carry out the work. “Notifiable work” includes site formation, reclamation, demolition of a building, work carried out in any part of a tunnel that is within 100m of any exit to the open air, construction of the foundation of a building, construction of the superstructure of a building or road construction work.

Section 4 of the Air Pollution Control (Construction Dust) Regulation provides that the contractor responsible for a construction site where a notifiable work is being carried out shall ensure that the work is carried out in accordance with the Schedule of the Air Pollution Control (Construction Dust) Regulation.

**C. Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong)**

The Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation came into effect on 1 June 2015 to bring non-road mobile machinery (“NRMMs”) under emission control in line with environmentally advanced countries. NRMMs include a wide range of mobile machines, or vehicles powered by internal combustion engines used primarily off-road, whose emissions can cause environmental pollution and nuisance and have adverse health effects.

Unless exempted, NRMMs which are regulated under this provision are required to comply with the emission standards prescribed under this regulation. From 1 September 2015, all regulated machines sold or leased for use in Hong Kong must be approved or exempted with a proper label in a prescribed format issued by the Environmental Protection Department. Starting from 1 December 2015, only approved or exempted NRMMs with a proper label are allowed to be used in specified activities and locations including construction sites. However, existing NRMMs which are already in Hong Kong on or before 30 November 2015 are exempted from complying with the emission requirements. A period of six months (from 1 June 2015 to 30 November 2015, both dates inclusive) was allowed for existing NRMMs to apply for exemption.

**D. 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.



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Under the Noise Control Ordinance, noisy construction work and the use of powered mechanical equipment are not allowed between 7 p.m. and 7 a.m. or at any time on general holidays unless construction noise permits have been granted by the Environmental Protection Department. Certain equipment is also subject to restrictions on 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 shall be liable on a first conviction to a fine of HK\$100,000, on a 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.

### **E. 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. All industry/trade generating wastewater discharge (except domestic sewage that is discharged into communal foul sewers or unpolluted water to storm drains) 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 six months, and, for a first offence, to a fine of HK\$200,000, and, for a second or subsequent offence, to 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.

### **F. Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)**

The Waste Disposal Ordinance controls and regulates the production, storage, collection, treatment, recycling and disposal of wastes. 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 within 21 days after the contract is awarded to pay any disposal charges payable in respect of the construction waste generated from construction work undertaken under that contract.

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, labelled 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 six months for a first offence, HK\$500,000 and to imprisonment for six months for a second or subsequent offence, and, in addition, to a further fine of HK\$10,000 for each day during which the offence continues.

### **G. 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 six months on a first conviction, and to a fine of HK\$500,000 and to imprisonment for two 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.

### **H. Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong)**

The purpose of 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.

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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 on a first conviction on indictment to a fine of HK\$2,000,000 and to imprisonment for six months, on a second or subsequent conviction on indictment to a fine of HK\$5,000,000 and to imprisonment for two years, on a first summary conviction to a fine at level six (currently at HK\$100,000) and to imprisonment for six months, 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 that the offence continued.

### **I. 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. The maximum penalty is a fine at level 3 (currently at HK\$10,000) upon conviction with a daily fine of HK\$200.

Discharge of muddy water is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 5 (currently at HK\$50,000) 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. The maximum penalty is a fine at level 4 (currently at HK\$25,000) upon conviction and a daily fine of HK\$450.

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

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

## **CONTRACTOR LICENSING REGIME**

### **A. General Building Contractor and Specialist Contractor**

Under the current contractor registration system in Hong Kong, a contractor must register with the Building Authority as general building contractor, specialist contractor or minor works 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 Building Authority on the following aspects:

1. if the applicant is a corporation, the adequacy of its management structure;
2. the appropriate experience and qualifications of the applicant's personnel;
3. the applicant's ability to have access to plant and resources; and
4. 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.

For registration as a registered specialist contractor, an applicant must additionally satisfy the Building Authority that it has the necessary experience and, where appropriate, professional and academic qualifications, to undertake work in the specialist category.

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

1. a duly completed specified form;
2. declarations in the Building Authority's standard forms covering exhaustively the conviction/disciplinary/suspension records of the applicant and its key personnel i.e. the authorised signatory(ies), the technical director(s) and the other officer(s) in certain aspects;
3. a job reference on a minimum of one relevant building project;
4. certain documents relating to business registration; and

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5. the prescribed fee in accordance with the Building (Administration) Regulation.

### **B. 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 (Cap 406D of the Laws of Hong Kong), a registered contractor should apply to the Director of Electrical and Mechanical Services for renewal of registration not earlier than four months and not later than one month prior to the date of expiry of the relevant registration. The application should comprise:

1. a duly completed specified form;
2. a copy of business registration certificate of the contractor;
3. a copy of the certificate(s) of registration of the registered electrical worker(s) of the contractor;
4. 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
5. the prescribed fee in accordance with the Electricity (Registration) Regulations.

### **C. List of Approved Contractors for Public Works maintained by WBDB**

In order to tender for government contracts, a contractor must be accepted on the List of Approved Contractors for Public Works (the “**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

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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 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. 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 a certain period. It also requires the contracts to be of value over certain amounts, covering a certain 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.

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

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

Contractors responsible for certain specialised works (such as repair and restoration of historic buildings and turn-key interior design and fitting-out works) are, among others, required to be listed on the List of Approved Specialist Contractors for Public Works (the “**Specialist List**”) by the WBDB.

The Specialist List comprises suppliers and contractors who are approved for carrying out public works in one or more of 50 categories. For retention on the Specialist List, a contractor should generally possess at least a positive capital value. In addition, a contractor is required to maintain certain minimum levels of employed and working capital applicable to the appropriate category and group. For example, for category “Turn-key Interior Design and Fitting-out Works”, the minimum employed capital and the minimum working capital are HK\$14,800,000 and HK\$14,800,000, respectively.

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Contractors qualified/licensed with the WBDB are subject to a regulatory regime which is put in place to ensure that standards of financial capability, expertise, management and safety are maintained by contractors carrying out government works.

### *Requirements for admission and retention as an approved contractor*

The admission and retention requirements for the current qualification held by our Group are listed below:

Holder	Group/status	Minimum employed capital (Note 1)	Minimum working capital (Note 1)	Minimum technical and management criteria/ other requirements
Able Engineering	Group C (confirmed) — Approved Contractors for Public Works — Buildings 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 (Note 2)	HK\$18.8 million or 8% on the first HK\$950 million of annualised outstanding works and 10% on remainder, whichever is higher (Note 2)	<p><i>Top management (Note 4)</i></p> <ul style="list-style-type: none"> <li>• 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 (Note 3).</li> </ul> <p><i>Technical personnel</i></p> <ul style="list-style-type: none"> <li>• 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 building works.</li> </ul> <p><i>Others</i></p> <ul style="list-style-type: none"> <li>• Satisfactory completion of at least one Government building contract within the past five years of value over HK\$90 million and of considerable scope and complexity.</li> </ul>

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Holder	Group/status	Minimum employed capital (Note 1)	Minimum working capital (Note 1)	Minimum technical and management criteria/ other requirements
Able Engineering	Approved Suppliers of Materials and Specialist Contractors for Public Works — Repair and Restoration of Historic Buildings Category	Nil	Nil	<p><i>Top management (Note 4)</i></p> <ul style="list-style-type: none"> <li>• Adequate standard of administration and one site foreman with more than three years of relevant conservation working experience.</li> </ul> <p><i>Technical personnel</i></p> <ul style="list-style-type: none"> <li>• Specialist craftsmen/tradesmen with adequate qualification and skill in timber carvings, decorative plasterworks, decorative painting and artworks.</li> </ul> <p><i>Job experience</i></p> <ul style="list-style-type: none"> <li>• At least three examples of relevant works carried out in Hong Kong within the past five years.</li> </ul> <p><i>Plant and Equipment (Note 5)</i></p> <ul style="list-style-type: none"> <li>• Adequate source of traditional material including fair face green bricks, Chinese roof-tile and ceramics etc.</li> </ul> <p><i>Office/Workshop Facilities</i></p> <ul style="list-style-type: none"> <li>• Adequate office, workshop and store. Local office and local workshop in Hong Kong are required.</li> </ul> <p><i>Registration with relevant authorities in Hong Kong</i></p> <ul style="list-style-type: none"> <li>• N/A</li> </ul> <p><i>Others</i></p> <ul style="list-style-type: none"> <li>• N/A</li> </ul>



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Holder	Group/status	Minimum employed capital (Note 1)	Minimum working capital (Note 1)	Minimum technical and management criteria/ other requirements
Able Engineering	Approved Suppliers of Materials and Specialist Contractors for Public Works — Turn-key Interior Design and Fitting-out Works (Group I) Category	HK\$14.8 million (Note 6)	HK\$14.8 million	<p><i>Top management (Note 4)</i></p> <ul style="list-style-type: none"> <li>• N/A</li> </ul> <p><i>Technical personnel</i></p> <ul style="list-style-type: none"> <li>• At least one qualified Architectural and Interior Designer (AP – List of Architects); one qualified Structural Engineer (RSE); one qualified Building Services Engineer as BS Coordinator (CIBSE or HKIE (BS)); one qualified contract manager with at least ten years' management experience in construction industry (ordinary certificate in building studies); four foremen each with at least five years' experience in construction industry; six carpenters/skill workers; three qualified quantity surveying staff (ordinary certificate in building studies); four accounting staff.</li> </ul> <p><i>Job experience</i></p> <ul style="list-style-type: none"> <li>• At least three major local projects in design and fitting-out works of value above HK\$5 million completed in the past five years and one of which shall exceed HK\$15 million.</li> </ul>

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Holder	Group/status	Minimum employed capital <i>(Note 1)</i>	Minimum working capital <i>(Note 1)</i>	Minimum technical and management criteria/ other requirements
				<p><i>Plant and Equipment (Note 5)</i></p> <ul style="list-style-type: none"> <li>• N/A</li> </ul> <p><i>Office/Workshop Facilities</i></p> <ul style="list-style-type: none"> <li>• A design office and workshop suitable for the nature of work. Local office and local workshop in Hong Kong are required.</li> </ul> <p><i>Registration with relevant authorities in Hong Kong</i></p> <ul style="list-style-type: none"> <li>• The applicant must be an approved contractor under Buildings category in the List of Approved Contractors for Public Works.</li> </ul> <p><i>Others</i></p> <ul style="list-style-type: none"> <li>• Supporting facilities from suppliers/manufacturers/agents.</li> <li>• Regular subcontractors.</li> </ul>

*Notes:*

1. 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.
2. 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.
3. Top management shall be the president, chairman, director, managing director, executive director, or general manager, etc.
4. The top management and the technical staff must be two separate individuals.
5. The plant and equipment requirements are subject to modification as technology advances and a new plant emerges. Furthermore, the type of materials and method of application that the contractors select will dictate the plant required.
6. The contractor under this category and group is also required to have a minimum annual turnover of HK\$50 million in each of the immediate past three years.

Our Directors advised that, as at the Latest Practicable Date, Able Engineering had met the aforesaid criteria and requirements that were applicable to it.

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### *Regulatory actions against approved contractors by the Development Bureau*

The Development Bureau may take regulatory actions against a contractor. Circumstances which may lead to the taking of regulatory actions include:

1. unsatisfactory performance;
2. failure to submit a valid competitive tender for a period of three years;
3. failure to submit accounts or meet the financial criteria within the prescribed time;
4. failure to answer queries or provide information relevant to the listing status of a contractor on the Contractor List and/or the Specialist List within the prescribed time;
5. misconduct or suspected misconduct;
6. winding-up, bankruptcy or other financial problems;
7. poor site safety record;
8. failure or refusal to implement an accepted tender;
9. poor environmental performance;
10. court convictions, such as contravention of site safety legislation and Employment Ordinance and employment of illegal workers;
11. failure to employ the minimum number of full-time management and technical personnel;
12. violation of laws;
13. poor integrity of its employees, agents and subcontractors in relation to any public works contract unless the misconduct is not within the control of the contractor;
14. public interest;
15. public safety and public health;
16. serious or suspected serious poor performance or other serious causes in any public or private sector works contract;
17. failure to comply with any of the rules for administration of the Contractor List or the Specialist List giving rise to reasonable suspicions as to the capacity or integrity of the contractor; and
18. failure to provide proof of complying with all the integrity management system (the "IMS") requirements for the purpose of upkeeping the operation of the IMS.

## LAWS AND REGULATIONS

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.

### D. Housing Authority Contractors

#### *Housing Authority's list of building contractors*

In addition to the above requirements, the Housing Authority prescribes its own requirements for approved contractors to tender for its works. In order to tender for Housing Authority construction projects, a contractor must be approved by the Housing Authority under the categories of either Building (New Works) or Building (Maintenance Works). Contractors must hold ISO9001, ISO14001, OHSAS18001 and, with effect from 1 January 2014 followed by a grace period until 31 December 2015 for contractors already approved by the Housing Authority, ISO50001 (for New Works Category only) certificates with respect to its own categories and are subject to stringent financial criteria, a proven relevant record of over three years, management and on-site personnel requirements, probation and annual assessment on the financial position.

The following table sets out the value of works for which approved contractors listed in the respective categories in the Housing Authority may tender:

<b>Category</b>	<b>Authorised contract value</b>
New Works Category — Group NW1	Contractors are eligible to tender for new works contracts with a value of up to HK\$550 million.
New Works Category — Group NW2	Contractors are eligible to tender for new works contracts of unlimited value.
Maintenance Category — Group M1	Contractors are eligible to tender for maintenance and improvement contracts with a value of up to HK\$50 million and for term maintenance and improvement contracts with an average annual expenditure of up to HK\$50 million.
Maintenance Category — Group M2	Contractors are eligible to tender for maintenance and improvement contracts of unlimited value.

## LAWS AND REGULATIONS

The admission and retention requirements for the current qualification held by our Group are listed below:

Holder	Category	Requirements
Able Engineering	Building — New Works Category — Group NW2 (confirmed) status	<p><i>Work experience</i></p> <ul style="list-style-type: none"> <li>• At least one satisfactorily completed project as main contractor in Hong Kong within the past three years with minimum value of HK\$550 million. The project should be a residential building similar in size and complexity of Housing Department projects.</li> </ul> <p><i>Working capital (Note 1)</i></p> <ul style="list-style-type: none"> <li>• HK\$18.8 million or 8% on first HK\$950 million of outstanding works and 10% on remainder, whichever is higher (<i>Note 2</i>).</li> </ul> <p><i>Employed capital (Note 1)</i></p> <ul style="list-style-type: none"> <li>• HK\$18.8 million plus HK\$2 million for every HK\$100 million of outstanding works or part thereof above HK\$950 million; or 10% of total assets, whichever is higher (<i>Note 2</i>).</li> </ul> <p><i>Technical Personnel</i></p> <ul style="list-style-type: none"> <li>• At least one technical director (“TD”), two contract managers or project managers, and two site agents (<i>Notes 3, 4 and 5</i>).</li> </ul>
Able Engineering	Building — Maintenance Category — Group M1 (confirmed) status	<p><i>Work experience</i></p> <ul style="list-style-type: none"> <li>• Contractor shall have completed, as main contractor, maintenance or improvement projects within the past three years for Housing Department, other government departments or private sector.</li> <li>• Two of those completed projects stated above shall each cost not less than HK\$15 million with records of satisfactory performance.</li> </ul> <p><i>Working capital (Note 1)</i></p> <ul style="list-style-type: none"> <li>• HK\$4 million or 15% of outstanding works, whichever is higher (<i>Note 2</i>).</li> </ul>

## LAWS AND REGULATIONS

Holder	Category	Requirements
		<ul style="list-style-type: none"> <li>• If total value of outstanding works reaches HK\$67 million or above, contractor is required to have HK\$10.1 million or 10% of outstanding works, whichever is higher (<i>Note 2</i>).</li> <li>• If total value of outstanding works reaches HK\$188 million or above, contractor is required to have HK\$18.8 million or 8% on the first HK\$950 million of outstanding works and 10% on remainder, whichever is higher (<i>Note 2</i>).</li> </ul>
		<p><i>Employed capital (Note 1)</i></p> <ul style="list-style-type: none"> <li>• HK\$4 million plus HK\$2.2 million for every HK\$22 million of outstanding works or part thereof above HK\$40 million (subject to a maximum of HK\$8.3 million); or 10% of total assets, whichever is higher (<i>Note 2</i>).</li> <li>• If total value of outstanding works reaches HK\$67 million or above, contractor is required to have HK\$10.1 million plus HK\$5.8 million for every HK\$86 million of outstanding works or part thereof above HK\$150 million (subject to a maximum of HK\$21.7 million); or 10% of total assets, whichever is higher (<i>Note 2</i>).</li> <li>• If total value of outstanding works reaches HK\$188 million or above, contractor is required to have HK\$18.8 million and HK\$2 million to every HK\$100 million of outstanding works or part thereof above HK\$950 million or 10% of total assets, whichever is higher (<i>Note 2</i>).</li> </ul>
		<p><i>Technical Personnel</i></p> <ul style="list-style-type: none"> <li>• At least one TD, one contract manager or project manager, and one site agent (<i>Notes 3, 4 and 5</i>).</li> </ul>

## LAWS AND REGULATIONS

### *Notes:*

1. The issued and paid-up capital and shareholders' funds should both meet the level of minimum employed capital applicable to his highest group and status.
2. Outstanding works represent the annualised value of outstanding works (including Housing Authority, government and private sector contracts on a worldwide basis) and any tenders under consideration.
3. The TD should be registered in with Buildings Department and not be the same person as the contract manager or project manager.
4. The contract manager or project manager is required to have the following minimum qualification and experience: (i) HKIA/MHKIS/MHKIE or equivalent with three years relevant local managerial experience and capacity in the construction field; or (ii) degree in architecture, building surveying, building technology and management, civil or structural engineering or equivalent with five years relevant local managerial experience and capacity in the construction field; (iii) higher diploma or higher certificate or diploma in architecture, building surveying, building technology and management, civil or structural engineering or equivalent with eight years relevant local managerial experience and capacity in the construction field. The contract manager or project manager should be registered as AS in Buildings Department and not be the same person as the TD.
5. The site agent is required to have the following minimum qualification and experience: MHKICW/MICWCI or equivalent with five years relevant local experience in construction industry) or (higher diploma/diploma/higher certificate in building studies or civil/structuring engineering or equivalent with eight years relevant local experience in the construction industry.

### *Regulatory actions against contractors on the list of building contractors by the Housing Authority*

The Housing Authority may take regulatory actions against a contractor on the list of building contractors. Circumstances which may lead to the taking of regulatory actions include:

1. failure to meet Housing Authority's contractual requirements or adverse performance;
2. contravention of ordinances, violation of law, misconduct or other non-conformities;
3. failure to meet the requirements and procedures in tendering; and
4. failure to meet the requirements for being retained on the list of approved contractors.

Regulatory actions include removal from the list of approved contractors, suspension from tendering, restriction from tendering, downgrading, removal or suspension from specific league or status or extension of probationary period, depending on the seriousness of the incident triggering the regulatory actions.

## LAWS AND REGULATIONS

### *Housing Authority's list of decoration contractors*

In addition to the list of building contractors mentioned above, the Housing Authority also maintains a reference list of decoration contractors (the “**Reference List**”) and contractors registered on such list are permitted to carry out decoration in new estates.

In order to be included in the Reference List, the contractor has to satisfy the following admission criteria:

1. has an amount of cash at bank and/or usable unutilised balance of bank overdraft facility to a total sum of not less than HK\$2.4 million;
2. has at least five years' experience in decoration works;
3. total value of works carried out by the contractor in the past three years should not be less than HK\$3.2 million per year;
4. has undertaken at least one contract of value not less than HK\$0.64 million in the past three years; and
5. possesses a proper workshop, shop or office of reasonable size.

### *Regulatory actions against contractors on the list of decoration contractors by the Housing Authority*

The Housing Authority may take regulatory actions against a contractor on the list of decoration contractors. Circumstances which may lead to the taking of regulatory actions include:

1. under-performance of the contractor; and
2. committing a serious misdeed (e.g. offence, misconduct, misbehaviour, act which would cause serious damage to Housing Authority's properties or create such nuisances/disturbances that would be detrimental to the Housing Authority's interest).

Regulatory actions include issuance of a warning letter, suspension of the contractor's licence or agreement in hand and its status on the Reference List, or removal of the contractor from the Reference List, and the regulatory actions taken depends on the seriousness of the triggering incident.



## LAWS AND REGULATIONS

### **E. Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)**

Under section 14(1) of the Buildings 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 the Building Authority under the Buildings Ordinance. Such a person is also required to appoint a registered contractor to carry out the building works. The Building Authority may require that all such building works to be 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:

1. an authorised person as the coordinator of such building works or street works;
2. a registered structural engineer for the structural elements of such building works or street works, if so required, under the Buildings Ordinance; and
3. a registered geotechnical engineer for the geotechnical elements of such building works or street works if so required under the Buildings Ordinance.

### **TOWN PLANNING AND LAND LEASE**

#### **A. 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 the development is an existing use, the development is permitted under the plan of the development permission area, or 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.

**OTHERS**

**A. 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 (Chapter 406E of the Laws of Hong Kong), 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 five 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 five 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.

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

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

The Dangerous Goods Ordinance applies to, among others, 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, and substances liable to spontaneous combustion or of a readily combustible nature.

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 corresponding public officer or public authority as specified in the Dangerous Goods (General) Regulations (Chapter 295B of the Laws of Hong Kong). According to 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 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 six months.

### C. Security of Payment Legislation for the Construction Industry (“SOPL”)

The Government is currently consulting on new legislation for the construction industry to address unfair payment terms, payment delays and disputes. The SOPL is intended to encourage fair payment, rapid dispute resolution and increase cash flow in the contractual chain.

When it comes into force, all public sector construction contracts will be caught by the legislation, whereas in the private sector, only contracts relating to a “new building” (as defined by the Buildings Ordinance) which has a value in excess of HK\$5 million for construction contracts and HK\$500,000 for professional services and supply only contracts will be caught by the legislation. Where the SOPL applies to main contract, it also automatically applies to all subcontracts in the contractual chain.

The new legislation will, among others:

- prohibit “pay when paid” and similar clauses in contracts. Payers will not be able to rely on such clauses in dispute resolution forums;
- prohibit payment periods of more than 60 calendar days for interim payments or 120 calendar days for final payments;
- enable parties who are entitled to progress payments under the terms of a contract covered by the SOPL to claim such payments as statutory payment claims, upon receipt of which the payer has 30 calendar days to serve a payment response, and parties who are entitled to payments under statutory payment claims will be entitled to pursue adjudication if the statutory payment claims are disputed or ignored; and
- give parties the right to suspend or reduce the rate of progress of works after either non-payment of an adjudicator’s decision or non-payment of amounts admitted as due.

It is possible that some of our contracts will be caught by the proposed SOPL and where such contracts are subject to the SOPL, we will have to ensure that their terms comply with the legislation. As the SOPL is designed to assist contractors, including us, to ensure cash-flow and access to a swift dispute resolution process, we do not expect the SOPL to have any negative implication on our business operation and liquidity management. In fact, with the new right to suspend or reduce the rate of progress of work on non-payment of fees admitted as due to us by our customers, the SOPL provides us with greater protection and strengthens our liquidity management.

### INTRODUCTION

Our Company was incorporated in the Cayman Islands with limited liability on 11 July 2016. Through the Reorganisation, our Company became the holding company of our subsidiaries. Prior to the incorporation of our Company, our subsidiaries formed an integral part of Vantage Group. Vantage, the holding company of the Vantage Group, has been listed on the Main Board of the Stock Exchange since September 2000.

Our principal operating subsidiary, Able Engineering (formerly known as Yeu Can Engineering Co. Limited) was established in Hong Kong in 1976 to principally engage as a main contractor in building construction works. It was founded by two Independent Third Parties who were neither related to Mr. Ngai, the controlling shareholder of Vantage and our Controlling Shareholder, nor his associates. Since its incorporation, Able Engineering has been actively involved in construction, maintenance and decoration projects. In 1996, Mr. Ngai, through Winhale Ltd., a company wholly-owned by him, became a majority shareholder of Able Engineering. In 1998, Mr. Ngai, together with Mr. Yau, acquired the remaining issued share capital in Able Engineering.

Following the acquisition of the majority issued share capital in Able Engineering, Able Contractors, being another operating subsidiary of our Group, was established in Hong Kong in 1997 to principally engage in the provision of subcontracting services in relation to building construction works. For the purpose of risk management and operation efficiency, our two other operating subsidiaries with place of incorporation in Hong Kong, namely Able Maintenance and Able Building, were acquired in 1997 and established in 2006, respectively. Able Maintenance mainly supplies construction workers for our building maintenance projects while Able Building principally provides building construction services. To further the growth of our Group, Able Contracting was established in Hong Kong in 2008 to focus primarily on the provision of building maintenance services.

We have participated in building construction projects of the Government since 1983 upon Able Engineering's admission to the Works Branch's (the predecessor of WBDB) list of approved contractors for building works with Group A (probationary) status. Able Engineering was later promoted by the Works Branch to Group A (confirmed) status, Group B (probationary) status and Group B (confirmed) status on the said list in 1984, 1986 and 1988, respectively. We were also approved as a registered contractor with the Buildings Department in 1986.

In 1990, Able Engineering was admitted to the Housing Authority's approved contractor in new works category for Group NW1 (probationary) and building (maintenance) category for Group M1 (probationary). Since then, Able Engineering has been engaging in tendering for Housing Authority's contracts.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Having gained the necessary experience in construction works in the public sector, Able Engineering was further promoted to Group C (probationary) status by the Works Branch in 1993. In the same year, Able Engineering was admitted to the Housing Society's approved contractor for building works in Group List 2, which enabled it to tender for building works with contract value exceeding HK\$100 million.

In 1997, the Housing Authority confirmed Able Engineering's status as an approved contractor in building (maintenance) category for Group M1. Able Engineering also became an approved licenced contractor of the Buildings Department for general building works in 1999 and site formation and foundation works in 2000. In 2001, the WBDB confirmed Able Engineering's status as an approved contractor in buildings category for Group C. As a result of this, Able Engineering may tender for any number of individual Group C contracts without any limit to contract value. In 2005, Able Engineering was further admitted to the Housing Authority's list of approved building contractors in new works category for Group NW2 (probationary).

Between 2008 and 2009, our Group expanded our business to cover repair and restoration of historic buildings as well as interior design and fitting-out works upon the inclusion of Able Engineering to the WBDB's list of approved suppliers of materials and specialist contractors for (i) public works in the repair and restoration of historic buildings category (western style buildings) and (ii) public works in the turn-key interior design and fitting-out works category. In pursuit of further growing our business, Able Engineering formed a joint venture with Leighton Contractors (Asia) Limited, an unaffiliated major contractor in Hong Kong, for the purpose of carrying out construction works in Hong Kong in 2008. Over the years, we have been involved in several repair and restoration projects of Western-style historic buildings projects such as the conversion of Kom Tong Hall into Dr. Sun Yat Sen Museum and the conversion of Yau Ma Tei Theatre and Red Brick Building into a Xiqu Activity Centre. We have also been involved in the design and construction of North Lantau Hospital and Tin Shui Wai Hospital.

Based on our track record, the Housing Authority confirmed Able Engineering's status as an approved building contractor in new works category for Group NW2 in 2014. As a result of this, Able Engineering may tender for any number of individual new works contracts without any limit to contract value. This has marked an important milestone for our Group as it enables us to be involved in larger scale and higher contract sum building construction projects of the Housing Authority.

Our Directors believe that we possess the necessary qualifications and project experience to provide high-quality and comprehensive services covering building construction works to RMAA works for building projects in Hong Kong in both private and public sectors. During the Track Record Period, we have been involved in a number of notable projects in Hong Kong, including, among others, the construction of public housing development at Tung Chung, the design and construction of Redevelopment of Tai Lam Centre for Woman and the construction of Caritas Medical Centre. For more information regarding the projects which our Group has completed during the Track Record Period, please refer to the section headed "Business — Our Projects — Building construction projects" in this prospectus.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

An efficient and effective management system is paramount in maximising productivity, reducing unnecessary costs and expenses and raising customer satisfaction. Over the years, we believe we have spent substantial time and applied various resources in improving our management system. As a result of our continued efforts, Able Engineering has obtained a number of certifications from ACIL such as ISO 9001, ISO 14001, ISO 50001, OHSAS 18001 and ACI-SR 26000 over the years.

### BUSINESS DEVELOPMENT MILESTONE

The following events are key business milestones of our Group since its establishment:

Year	Event
1976	Establishment of Able Engineering
1984	Upgrade of Able Engineering's status on the Works Branch's list of approved contractors for public works in buildings category to Group A (confirmed)
1988	Confirmation of Able Engineering's status on the Works Branch's list of approved contractors for public works in buildings category to Group B (confirmed)
	Admission of Able Engineering on the Housing Society's list of approved contractors for building works in Group List 2
1997	Establishment of Able Contractors
	Acquisition of Able Maintenance
	Confirmation of Able Engineering's status as on the Works Branch's list of approved contractors in building (maintenance) category for Group M1
1999	Able Engineering became an approved licenced contractor of the Buildings Department for general building works
2000	Able Engineering became an approved contractor of the Urban Renewal Authority (formerly known as the Land Development Corporation) for repair/maintenance works (upper tier)
2001	Confirmation of Able Engineering's Group C status on the WBDB's list of approved contractors for public works in buildings category
2006	Establishment of Able Building
	Completion of conversion of Kom Tong Hall into Dr. Sun Yat Sen Museum

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

<b>Year</b>	<b>Event</b>
2008	Establishment of Able Contracting  Admission of Able Engineering to the WBDB's list of approved suppliers of materials and specialist contractors for public works in the repair and restoration of historic buildings category (western style buildings)
2009	Admission of Able Engineering to the WBDB's list of approved suppliers of materials and specialist contractors for public works in the turn-key interior design and fitting-out works category (Group I)
2010	Completion of construction of swimming pool complex in Tung Chung
2011	Completion of design and construction of Tin Shui Wai Clinic
2012	Completion of construction of Columbarium and Garden of Remembrance in Wo Hop Shek
2013	Completion of construction of Caritas Medical Centre (Phase 2)
2014	Completion of construction of public rental housing at Tung Tau Cottage Area East  Confirmation of Able Engineering's status as an approved building contractor of the Housing Authority in new works category for Group NW2  Able Building became an approved licenced contractor of the Buildings Department for general building works
2016	Completion of construction of logistics facilities in Tsing Yi  Admission of Able Contractors on the Housing Authority's list of approved decoration contractors

### CORPORATE DEVELOPMENT

The following summarises the corporate development of the major operating subsidiaries of our Group prior to the Reorganisation.

#### **Able Engineering**

Able Engineering (formerly known as Yeu Can Engineering Co. Limited) was incorporated in Hong Kong with limited liability on 21 May 1976 to principally engage as a main contractor in building construction works. In February 1996, Mr. Ngai, through Winhale Ltd., acquired from an Independent Third Party, being the then sole beneficial shareholder of Able Engineering, 50% interest in the issued share capital of Able Engineering at a consideration of HK\$7,802,900. In August 1996, Winhale Ltd. further acquired from the same Independent Third Party 30% interest in the issued share capital of Able Engineering at a consideration of HK\$5,200,000. In April 1998, Winhale Ltd., together with Mr. Yau, acquired from the same Independent Third Party the remaining 20% interest in the issued share capital of Able Engineering at an aggregate consideration of HK\$3,920,000. As a result of the said acquisitions, the issued share capital of Able Engineering became owned as to 95% by Winhale Ltd. and 5% by Mr. Yau. The considerations paid by Winhale Ltd. and Mr. Yau for the said acquisitions were determined after arm's length negotiations having taking into account of, among others, the financial position and business prospects of Able Engineering and were financed from their own respective capital. In June 1999, Dr. Castledine Douglas Alan ("**Dr. Castledine**"), a then director of Able Engineering, became a shareholder of Able Engineering through the subscription of 11,100 shares in Able Engineering at an aggregate subscription price of HK\$499,944 and as a result, the issued share capital of Able Engineering became owned as to 94.06% by Winhale Ltd., 4.95% by Mr. Yau and 0.99% by Dr. Castledine.

In preparation for the listing of Vantage on the Stock Exchange in September 2000, the then subsidiaries of Vantage, including, among others, Able Engineering, had undergone a reorganisation (the "**Vantage Reorganisation**"). As part of the Vantage Reorganisation, (i) one ordinary share in Able Engineering was allotted and issued at par value to Profit Chain, a wholly-owned subsidiary of Vantage and one ordinary share in Able Engineering was allotted and issued at par value to Mr. Ngai (who had executed a declaration of trust to hold the one ordinary share on trust and for the benefit of Profit Chain) and (ii) all the existing ordinary shares of Able Engineering held by Winhale Ltd., Mr. Yau and Dr. Castledine were converted to non-voting deferred shares in consideration of the allotment and issue of 9,406, 495 and 99 ordinary shares in Profit Chain to Winhale Ltd. and the entities controlled by Mr. Yau and Dr. Castledine, respectively, which was in proportion to their respective interest in Able Engineering. As confirmed by our Directors, the primary reasons for the Vantage Reorganisation as aforementioned was to enable Vantage to gain 100% voting power and control of the board of directors of Able Engineering while maintaining sufficient level of share capital to satisfy the then employed capital requirements of WBDB. From 2001 to 2014, an aggregate of 758,898 ordinary shares of Able Engineering were allotted and issued at par value to Profit Chain. As a result of the foregoing share transfers and share allotments and the fact that the holders of the non-voting deferred shares are only entitled to (i) profit/ dividend distribution in any financial year if the profit of Able Engineering exceeds HK\$1,000



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

billion and (ii) return of assets upon winding-up of Able Engineering if the assets of Able Engineering exceeds HK\$5,000 billion, Able Engineering became a wholly-owned subsidiary of Profit Chain.

### **Able Maintenance**

Able Maintenance (formerly known as Billion Point International Investment Limited) was incorporated in Hong Kong with limited liability on 13 December 1996. Able Maintenance did not commence operations until it was acquired by Mr. Ngai in September 1997 to principally supply construction workers for our building maintenance projects.

Upon incorporation, one share was allotted and issued at par value to each of the two subscribers and such shares were transferred at par value to two Independent Third Parties on 27 December 1996. The said Independent Third Parties, in turn, transferred their one share in Able Maintenance at par value to Mr. Ngai and Winhale Ltd., respectively, on 25 September 1997. Able Maintenance allotted and issued at par value 9,998 shares to Winhale Ltd. on 26 September 1997.

As part of the Vantage Reorganisation, Winhale Ltd. transferred at par value 9,999 shares in Able Maintenance to Profit Chain, and a declaration of trust was executed by Mr. Ngai pursuant to which he shall hold the one share in Able Maintenance on trust and for the benefit of Profit Chain. As a result of the foregoing, Able Maintenance became a wholly-owned subsidiary of Profit Chain.

### **Able Contractors**

Able Contractors (formerly known as Able Contractors Company Limited) was incorporated in Hong Kong with limited liability on 3 October 1997 to principally engage in the provision of subcontracting services in relation to building construction works. Upon incorporation, one share was allotted and issued at par value to each of the two subscribers and such shares were transferred at par value to Mr. Ngai and Winhale Ltd., respectively, on 16 October 1997. Able Contractors allotted and issued 9,998 shares at par value to Winhale Ltd. on 17 October 1997.

As part of the Vantage Reorganisation, Winhale Ltd. transferred 9,999 shares in Able Contractors to Profit Chain and a declaration of trust was executed by Mr. Ngai pursuant to which he shall hold the one share in Able Contractors on trust and for the benefit of Profit Chain. As a result of the foregoing, Able Contractors became a wholly-owned subsidiary of Profit Chain.

### **Able Building**

Able Building was incorporated in Hong Kong with limited liability on 18 April 2006 by Profit Chain to principally engage in provision of building construction services. Upon incorporation, one share was allotted and issued at par value to the subscriber and was transferred at par value to Profit Chain on 22 May 2006. As a result, Able Building became a wholly-owned subsidiary of Profit Chain.

### **Able Contracting**

Able Contracting was incorporated in Hong Kong with limited liability on 7 May 2008 by Profit Chain to mainly engage in provision of building maintenance services. Upon incorporation, one share was allotted and issued at par value to the subscriber and was transferred at par value to Profit Chain on 28 May 2008. As a result, Able Contracting became a wholly-owned subsidiary of Profit Chain.

### **SPECIAL DIVIDEND**

In July 2016, Able Engineering declared and paid a special dividend of HK\$400 million to its then shareholder, Profit Chain. In October 2016, certain members of our Group declared a special dividend of HK\$200 million to their then shareholder, Profit Chain and such dividends were paid to Profit Chain in full in November 2016. For further details, please refer to the section headed “Business — Special Dividend” in this prospectus.

### **REORGANISATION**

In preparation of the Spin-off and the Listing, the companies comprising our Group underwent the Reorganisation, which involves the following steps:

- (a) Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 11 July 2016. On the date of incorporation, one fully-paid share of HK\$0.01 was allotted and issued to the subscriber at par value and transferred at par value to Profit Chain on the same day.
- (b) On 12 January 2017, one ordinary share in Vital Tool was transferred from Profit Chain to our Company at a cash consideration of HK\$7.8, being the nominal par value of the share being transferred, pursuant to a share purchase agreement entered into among Profit Chain, Vantage and our Company.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

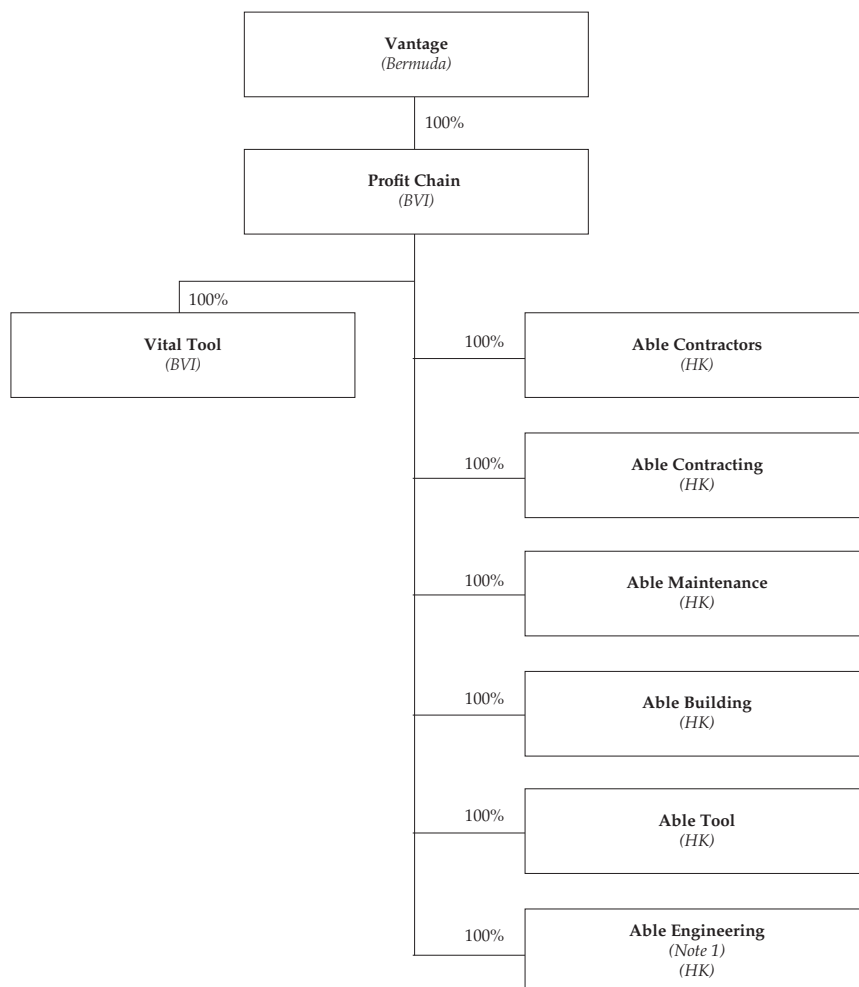
- (c) On 12 January 2017, Vital Tool acquired all the equity interests in each of Able Engineering, Able Maintenance, Able Contractors, Able Building, Able Contracting and Able Tool from the shareholders of such companies, including Profit Chain, Mr. Ngai, Winhale Ltd., Mr. Yau and Dr. Castledine, at an aggregate consideration of HK\$55,951,404, of which (i) HK\$3.00 was settled by Vital Tool by way of cash payment of HK\$1.00 to each of Winhale Ltd., Mr. Yau and Dr. Castledine; and (ii) HK\$55,951,401 was settled by the issuance of a promissory note by Vital Tool to Profit Chain in the principal sum of HK\$55,951,401, pursuant to the respective share purchase agreements entered into among the relevant parties. The consideration for each of the said transfer was based on the issued share capital of or cost of investment as recorded in the books of the relevant company as at 30 November 2016.
- (d) On 12 January 2017, Profit Chain, our Company and Vital Tool entered into a tripartite agreement whereby Profit Chain agreed to subscribe for, and our Company agreed to issue and allot 999 new Shares to Profit Chain to settle the total principal amount of HK\$55,951,401 due and owing by Vital Tool to Profit Chain pursuant to the promissory note set out in (c) of this paragraph.

Our Directors consider that the Reorganisation has been properly and legally completed and settled, and confirm that the Reorganisation complies with applicable laws and regulations.

**OUR GROUP STRUCTURE**

**Group Structure Prior to Reorganisation**

The following diagram sets out the corporate structure of our Group prior to the Reorganisation:



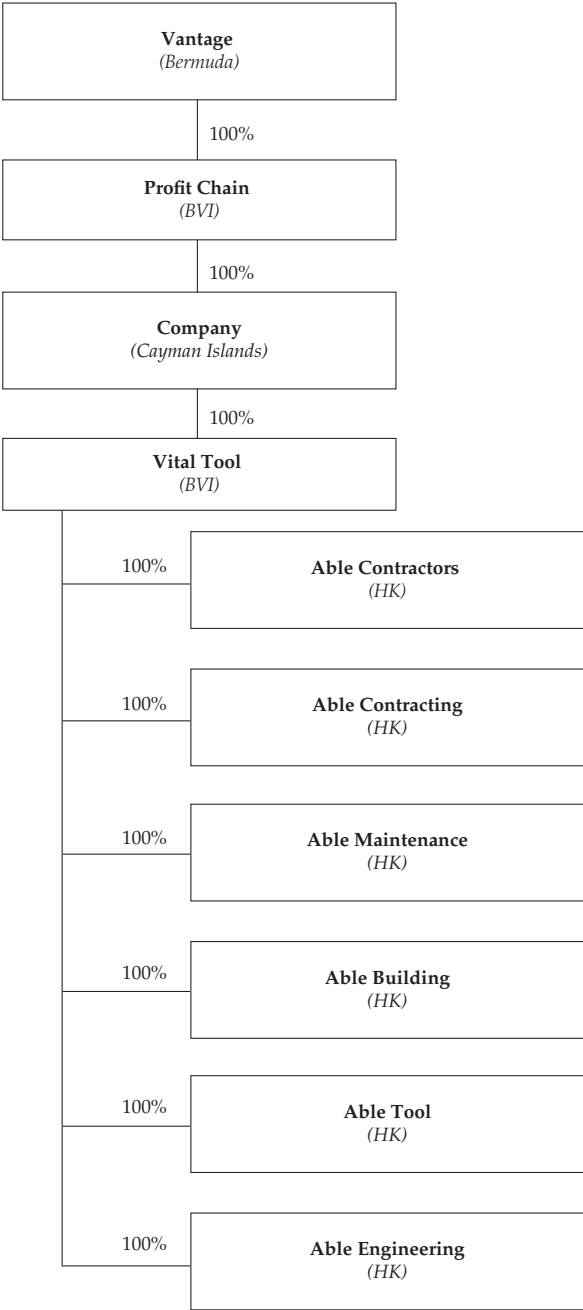
*Note:*

1. Able Engineering comprises two classes of shares, namely ordinary shares and non-voting deferred shares. Prior to the Reorganisation, Profit Chain beneficially owned 758,900 ordinary shares (being all the issued ordinary shares of Able Engineering) whereas Winhale Ltd., Mr. Yau and Dr. Castledine beneficially owned 1,054,500, 55,500 and 11,100 non-voting deferred shares in Able Engineering, respectively. As Profit Chain is entitled to exercise 100% of the voting power at general meetings of Able Engineering, Able Engineering is regarded as a wholly-owned subsidiary of Profit Chain under the Companies Ordinance and the Listing Rules.

# HISTORY, REORGANISATION AND CORPORATE STRUCTURE

## Group Structure after Reorganisation

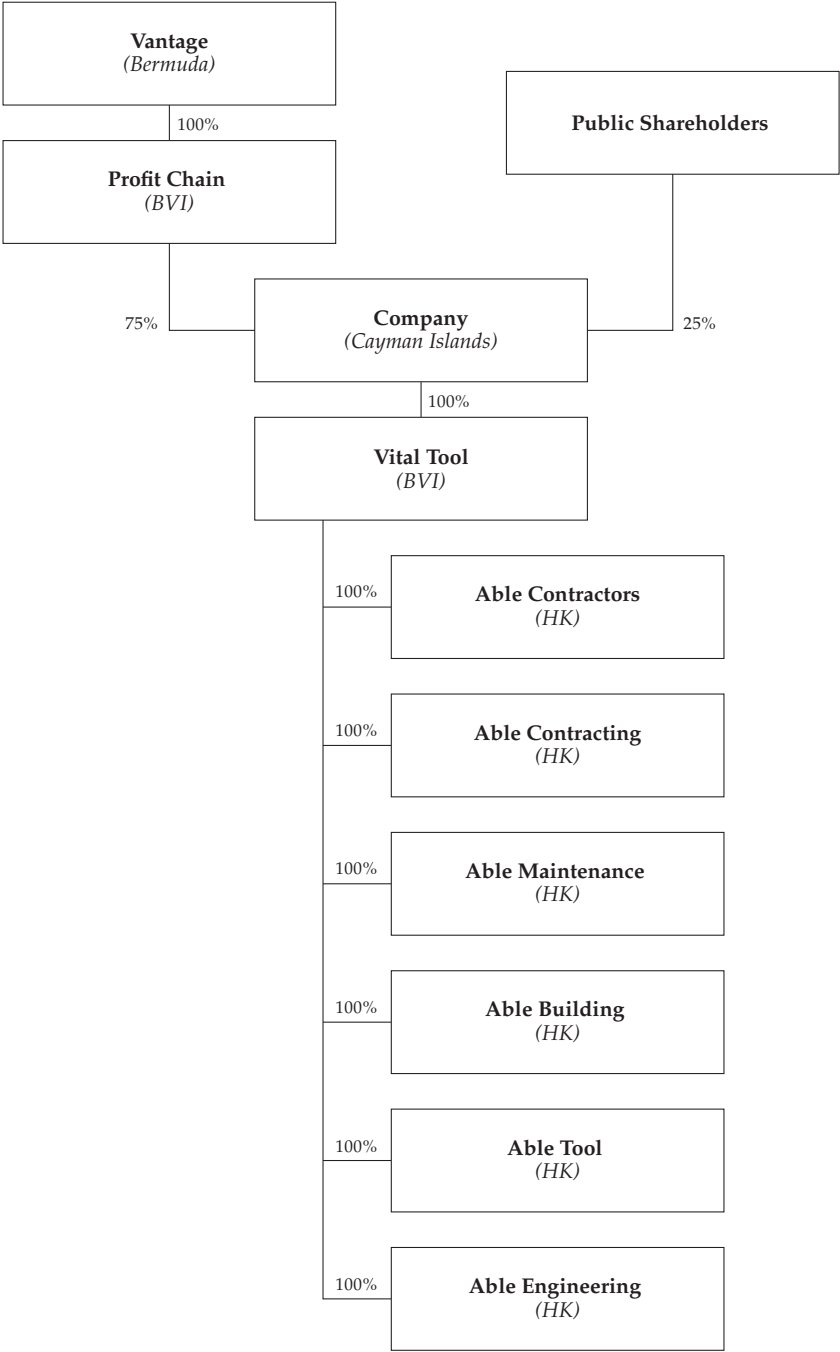
The following diagram sets out the corporate structure of our Group immediately after completion of the Reorganisation but prior to completion of the Capitalisation Issue and Share Offer:



# HISTORY, REORGANISATION AND CORPORATE STRUCTURE

## Group Structure following Capitalisation Issue and Share Offer

The following diagram sets out the corporate structure of our Group immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option):



### SPIN-OFF

On 9 May 2016, Vantage submitted a proposal for the Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules. On 5 July 2016, Vantage obtained a confirmation from the Stock Exchange that it may proceed with the proposal. The reduction of Vantage's shareholding in our Company following completion of the Spin-off will constitute a major transaction of Vantage under Chapter 14 of the Listing Rules. Accordingly, the Spin-off is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no Vantage Shareholder is required to abstain from voting if Vantage were to convene a general meeting for the approval of the Spin-off and written Shareholders' approval of the Spin-off dated 19 January 2017 has been obtained from a closely allied group of Vantage Shareholders comprising Winhale Ltd., Fame Yield International Limited and Mr. Ngai, who together hold more than 50% of the Vantage Shares, no physical general meeting will be convened to approve the Spin-off pursuant to Rule 14.44 of the Listing Rules.

## **OVERVIEW**

Founded in 1976, our Group is a well-established company in the construction industry in Hong Kong with a history of over 40 years. We are principally engaged as a contractor in building construction and RMAA works in Hong Kong.

We are an approved contractor of the Government and our customers of the public sector include the Housing Authority, the Architectural Services Department, the Hospital Authority and the Education Bureau. Our Group is also an approved contractor of (i) the Housing Authority for Building (New Works) (Group NW2 (Confirmed)), Building (Maintenance) (Group MI (Confirmed)), and Decoration; (ii) the Buildings Department for general building, site formation, and foundation works; (iii) WBDB for Public Works Buildings (Group C (Confirmed)), Turn-key Interior Design and Fitting-out Works (Group I) as well as Repair and Restoration of Historic Buildings (Western Style Buildings); and (iv) the Urban Renewal Authority for Repair and Maintenance Works (Upper Tier).

We have obtained a number of certifications from ACIL such as ISO 9001, ISO 14001, ISO 50001, OHSAS 18001 and ACI-SR 26000 as a result of effective implementation of quality management systems.

We undertake building construction and RMAA works which are mainly contracted by our customers on a project basis. During the Track Record Period, we mainly act as a main contractor and receive progress payments from the customers based on the site work done, under the contracts for the relevant projects. As a main contractor, we are responsible for the overall management, coordination and implementation of our projects. We focus on project management, engaging subcontractors, developing detailed work programmes, procurement of major construction materials, coordination with our customers or their consultants and the overall control of the works carried by our subcontractors. Our project management team will endeavour to ensure the work conducted by our subcontractors are conformed to the contract requirements including quality, safety, and environmental protection in carrying out the projects and that projects are completed on schedule and within budget. During the Track Record Period and up to the Latest Practicable Date, there had not been any material change in the business focus of our Group. Please refer to the section headed "Business — Description of Business" in this prospectus for the details of our revenue breakdown by service provided during the Track Record Period.

As at 30 November 2016, our Directors estimate that the aggregate outstanding project value and work order value of our Group's on-going building construction and RMAA projects amounted to approximately HK\$5,602.1 million, of which approximately HK\$1,439.7 million will be recognised in the four months ending 31 March 2017. Further details of our projects are set out in the section headed "Business — Our Projects" in this prospectus.



## BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we had completed 11 and 32 projects of building construction works and RMAA works, respectively. As at the Latest Practicable Date, we had six and five on-going projects of building construction and RMAA works, respectively. Further details of our projects are set out in the section headed “Business — Our Projects” in this prospectus.

According to the CH Report, it is estimated that the aggregate gross output value of the building construction and RMAA industry in Hong Kong will grow from approximately HK\$172.5 billion in 2015 to approximately HK\$194.6 billion in 2020 in view of the growth drivers of the building construction and RMAA industries in Hong Kong, including (i) the initiatives undertaken by the Government to stabilise property market prices by increasing the supply of both private and public residential units; and (ii) the provision of HK\$200 billion set aside by the Government, as stated in The 2016-17 Budget, for the ten-year hospital development plan that covers the redevelopment and expansion of existing hospitals and new hospital projects. We believe we are well positioned to capture the emerging business opportunities from such spending. According to the CH Report, we are one of the six largest construction companies in the building construction and RMAA industry and have a market share of approximately 1.5% of building construction and RMAA industries in Hong Kong in terms of revenue in 2015.

### COMPETITIVE STRENGTHS

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

#### **Long-term history with a proven track record developed in the building construction and RMAA industry**

We are well-established with proven track record in the building construction and RMAA industry in Hong Kong through our 40 years of history. Our Group commenced business in Hong Kong in 1976. We are an approved contractor of the Government and our customers include the Housing Authority, the Architectural Services Department, the Hospital Authority and the Education Bureau. We are also an approved contractor of (i) the Housing Authority for Building (New Works) (Group NW2 (Confirmed)), Building (Maintenance) (Group M1 (Confirmed)) and Decoration; (ii) the Buildings Department for general building, site formation and foundation work; (iii) WBDB for Public Works Buildings (Group C (Confirmed)), Turn-key Interior Design and Fitting-out Works (Group I) as well as Repair and Restoration of Historic Buildings (Western Style Buildings); and (iv) the Urban Renewal Authority for Repair and Maintenance Works (Upper Tier).

Over the years, our Group has completed major construction works for customers from both the public and private sectors and been able to secure contracts as main contractor for the construction of public housing estates for the Housing Authority, the development or re-development of schools or the interior fitting-out works for private housing estates and the RMAA design and construction works for various Government departments in various areas in Hong Kong. Our executive Directors have an average industry experience of over 17 years. We believe that our management's long-term presence together with proven track record in the building construction and RMAA industries, our successful completion of various projects in Hong Kong and our possession of the requisite licences to undertake these works give us a competitive edge in pursuing new opportunities with the Government.

**Well positioned to capture potential growth in public housing and hospitals development**

According to the CH Report, as stated in the 2016 Policy Address, the Housing Authority and the Hong Kong Housing Society will produce about 97,100 public housing units over the next five years. The 2016-17 Budget also stated that a provision of HK\$200 billion is to be set aside by the Government for the ten-year hospital development plan that covers the redevelopment and expansion of existing hospitals and new hospital projects.

In view of the growth prospects regarding public housing and hospitals, our Directors believe that our Group is well positioned to capture these emerging business opportunities.

For public housing development, our Group was confirmed in 2014 as an approved building contractor for Building (New Works) (Group NW2 (Confirmed)) of the Housing Authority. With such status, our Group has since been eligible to tender for Housing Authority's new works projects of unlimited value while the maximum number of flats under construction at any given time is 17,000 units. During the Track Record Period, our Group was awarded three Housing Authority's new works contracts with total tender amount of HK\$5,634.5 million. As at the Latest Practicable Date, the number of flats under construction (under Housing Authority Contracts) of our Group was approximately 8,000 units.

For hospitals development, during the Track Record Period, our Group has been building up its portfolio in building constructions and RMAA works of hospitals and clinics, such as Tin Shui Wai Hospital (through Leighton-Able JV) and Caritas Medical Centre Phase 2.

Our Directors believe our Group has accumulated ample experience and know-how to be competitive in tendering for public housing and hospitals development projects and we possess the requisite licenses and registrations for undertaking building construction and RMAA projects in both private and public sectors.

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

We place considerable emphasis on the distinctive and consistent quality of engineering works and have therefore implemented a quality control system that complies with international standards.

In 1993, we were accredited by HKQAA with ISO 9002 certification, which was subsequently converted into an ISO 9001 certification in 2002. We were also assessed and certified by ACIL in 2006 that the requirements of ISO 9001 accreditation for our management system and quality management system had been met. We have set up an environmental management system to promote environmental awareness and to prevent pollution of the environment and the system was accredited by ACIL with ISO 14001 certification in 2006. In 2013, we were assessed and certified by ACIL that the requirements of ISO 50001 accreditation for our energy management system had been met. In 2015 we were assessed and certified by ACIL that the requirements of ACI-SR26000 accreditation for our social responsibility management system had been met. Our experienced management teams are responsible for maintaining the construction works up to our quality requirements. Also, we have set up an occupational health and safety management system to promote safe working practices among all employees and to prevent the occurrence of accidents. As a result, our occupational health and safety management system has been certified compliance with OHSAS 18001 by ACIL in 2006. Further details of our quality control measures are set out in the section headed “Business — Quality Control” in this prospectus.

We believe that our quality assurance system and strong commitment to environmental and occupational health and safety management will allow us to be better positioned to deliver quality works on time and within budget to customers and thereby make us a quality and reliable building construction and RMAA company.

### **Long-term relationships with some of our major customers**

We have established long-term business relationship with some of our major customers during the Track Record Period, including the Architectural Services Department, the Housing Authority and the Hospital Authority for over 20 years. Our Directors believe that our long-term relationships with some of our major customers reflect our Group as a good working party to their projects.

### **Our extensive network of major suppliers and subcontractors**

Our Group has established and maintained a stable working relationship with a network of suppliers and subcontractors. Our major suppliers and subcontractors have known or worked with us for two to nine years. Our Directors believe that our project management skills have won our Group with a network of suppliers and subcontractors which in turn, enables us to have flexibility in pricing and selection. Our Directors consider that our relationship with our suppliers and subcontractors could also reduce the risk of shortage or delay in delivery of materials or services causing material disruption to our works.

## BUSINESS

### **Experienced management and professional project management teams**

We have an experienced and professional management with extensive operational expertise and in-depth understanding of the building construction and RMAA industries in Hong Kong, and this, in turn, allows us to anticipate market trends when formulating our market position and developing business strategies.

Our executive Directors comprise a group of experienced individuals in the construction industry, who have an average industry experience of over 17 years. One of our executive Directors, Mr. Yam, has over 23 years of experience in the construction industry. Mr. Yam is a corporate member of the Hong Kong Institution of Engineers. Mr. Lau, another executive Director, is a corporate member of the Hong Kong Institute of Construction Managers and has over 15 years of experience in construction industry. Furthermore, our executive Director, Mr. Yau, is a registered professional engineer (civil & structural) and a registered structural engineer under Buildings Ordinance with over 25 years of experience in the construction industry. Please refer to the section headed “Directors, Senior Management and Staff” in this prospectus for qualifications and experience of our Directors.

Our project management teams have industry and technical knowledge in building construction and RMAA works, and our technical staff have the practical skills and experience. Our project management staff have relevant industry experience and possess relevant professional qualifications as required for the construction works. As at the Latest Practicable Date, all of our project managers possess with relevant degree/diploma from university or education institute to fulfil the academic qualification to supervise our building construction and RMAA works. Some of our technical staff including quantity surveyors and foremen have been working with us for over 10 years. We believe their project management experience and technical knowledge in building construction and RMAA works 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 building construction and RMAA industry in Hong Kong, together with our qualified and experienced project management and technical staff have been and will continue to be our valuable assets, which will enable us to take up projects of various scale and building type and fulfill our customers’ requirements.

### **BUSINESS STRATEGIES AND PROSPECTS**

#### **Expanding our business in building construction and RMAA works**

We will continue to play an active role in seeking opportunities in the building construction and RMAA industry in both private and public sectors in Hong Kong to achieve sustainable growth in our business and create long-term shareholder’s value. We plan to tender for and engage in more public works projects, hospital projects, public housing projects and other private projects with the Government, the Hospital Authority, the Housing Authority as well as the private sector to increase our share in these market segments.

## BUSINESS

### *Public works projects*

According to the CH Report, the annual spending of the Capital Works Programme is maintaining at the level of around HK\$70 billion and is expected to be constant in the following years. As an approved contractor of WBDB for Public Works Buildings (Group C (Confirmed)), we may tender for Government contracts of values exceeding HK\$185 million. Our Group intends to continue to focus on projects under the Capital Works Programme that fit our strengths and portfolio, such as construction of government and community facilities. During the Track Record Period and up to the Latest Practicable Date, one of our noticeable projects that fell into this category was the Redevelopment of Tai Lam Centre for Women. As at the Latest Practicable Date, our Group had submitted three tender for public works projects for which we are awaiting the tender result and we are also in the process of preparing two tender for public works projects.

### *Hospital projects*

According to the CH Report, a provision of HK\$200 billion is to be set aside in the 2016-17 Budget by the Government for the next ten-year hospital development plan that covers the redevelopment and expansion of existing hospitals and new hospital projects. Our Group will actively tender for these hospital projects and leverage on the experience we have accumulated through the redevelopment of Caritas Medical Centre Phase 2 during the Track Record Period. As at the Latest Practicable Date, our Group had submitted two tenders for hospitals projects for which we are awaiting tender result for one of them and the other one was awarded to our Group.

### *Public housing projects*

As part of our plan to expand our building construction business, we intend to take more Housing Authority projects and increase our market share in the building construction and RMAA with the Housing Authority. This is because (i) according to the CH Report, the Housing Authority will have considerable amount of construction projects in the next few years with an aim to supply approximately 97,100 public housing units with the Hong Kong Housing Society in the next five years; (ii) our Building (New Works) (Group NW2 (Confirmed)) license status as an approved building contractor for Building (New Works) allows us to tender for Housing Authority contracts of unlimited value; (iii) we believe the risks of delayed payment and non-payment by the Housing Authority are relatively low; and (iv) we believe the completion of more Housing Authority projects will enhance our reputation and thereby strengthen our competitiveness. During the Track Record Period, our Group was awarded six public housing projects, which our Directors believe to be demonstrative of our Group's competitiveness in tendering for public housing projects. Going forward, we intend to maintain our current tendering approach for public housing projects. As at the Latest Practicable Date, the number of flats under construction (under Housing Authority contracts) of our Group was approximately 8,000 units. As at the Latest Practicable Date, our Group had submitted seven tenders for Housing Authority projects (representing approximately 12,900 flats to be constructed) for which we are awaiting the tender results; for the schedule of building (New Works) contracts issued by the Housing Authority for the six months ended February 2017, we are also in the process of preparing two tenders (representing approximately 1,400 flats to be constructed).

## BUSINESS

We plan to spend approximately HK\$423.2 million of the net proceeds from the Share Offer to increase our capital base which is essential for our expansion plan in tendering for more contract works, particularly Housing Authority and hospital projects. Please refer to the section headed "Future Plans and Proposed Use of Proceeds" in this prospectus for further details.

### Prudent financial management

Our Group has maintained a strong financial position in terms of a prudent net 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 manage our project process actively, including proper budget control, to ensure sufficient cash generated internally for our ongoing capital needs. Our Directors believe that a prudent financial management in capital commitment could provide a reasonable return for shareholders steadily while ensuring our continued growth in the long term.

### SPECIAL DIVIDEND

In July 2016, Able Engineering declared and paid a special dividend of HK\$400 million to its then shareholder, Profit Chain. In October 2016, certain members of our Group declared a special dividend of HK\$200 million to their then shareholder, Profit Chain and such dividends were paid to Profit Chain in full in November 2016. Over the past decade, members of our Group have been profitable but no dividends had been distributed to their sole shareholder, Profit Chain, in order to maintain the working capital and employed capital requirements of our Group. As the Remaining Vantage Group requires capital for its property development and investment business, dividends in the aggregate amount of HK\$600 million were declared and paid to Profit Chain to allow the Remaining Vantage Group to acquire more land or property in Hong Kong for development purposes and/or to invest in other properties in or outside Hong Kong. After the said distribution of dividends, our Group would require the proceeds from the Listing in order to increase our capital base which is essential for our expansion plan in tendering for more contract works, particularly Housing Authority, WBDB and Hospital Authority projects.

### DESCRIPTION OF BUSINESS

During the Track Record Period, we mainly engaged as a main contractor in building construction and RMAA works in Hong Kong. The following table sets forth a breakdown of our revenue by service provided during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Building construction works	1,582,034	58.5	1,309,833	61.9	2,022,826	80.8	987,709	85.9	428,419	78.8
RMAA works	1,121,865	41.5	807,520	38.1	480,094	19.2	161,806	14.1	114,965	21.2
<b>Total</b>	<b>2,703,899</b>	<b>100.0</b>	<b>2,117,353</b>	<b>100.0</b>	<b>2,502,920</b>	<b>100.0</b>	<b>1,149,515</b>	<b>100.0</b>	<b>543,384</b>	<b>100.0</b>

### **Building construction works**

We provide building construction services to customers from both the public and private sectors, including the Government, the Housing Authority, the Hospital Authority, schools and private property developers in Hong Kong. Our main responsibilities consist of (i) project management; (ii) engaging subcontractors; (iii) developing detailed work programmes; (iv) procurement of major construction materials; (v) coordination with our customers or their consultants; (vi) overall control of the works carried by our subcontractors; and (vii) ensuring the project is carried out in safe manner.

During the Track Record Period, revenue contribution from our building construction works were approximately HK\$1,582.0 million, HK\$1,309.8 million, HK\$2,022.8 million and HK\$428.4 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, which amounted for 58.5%, 61.9%, 80.8% and 78.8% of our total revenue for the same periods, respectively.

### **RMAA works**

We also undertake RMAA projects for customers in both the public and private sectors in Hong Kong. During the Track Record Period, we carried out construction of minor works for Government departments, such as the Architectural Services Department and the Education Bureau. A majority of our RMAA projects are undertaken under term contracts in which a fixed period of contract term is typically provided. During this period, work orders are issued from time to time, and we are responsible for the timely completion of the works as set out in each work order. During the Track Record Period, we undertook RMAA works including:

- design and construction of minor works to the Government and subvented properties;
- design and construction of minor works for the provision of barrier-free access and facilities to government premises;
- replacement of collapsible gates;
- installation of stainless steel racks;
- redecoration and laundry racks installations; and
- design and construction for alterations, additions, and improvement works for hospitals.

During the Track Record Period, revenue contribution from our RMAA works were approximately HK\$1,121.9 million, HK\$807.5 million, HK\$480.1 million and HK\$115.0 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, which amounted for 41.5%, 38.1%, 19.2% and 21.2% of our total revenue for the same periods, respectively.

## BUSINESS

### MAJOR QUALIFICATIONS, CERTIFICATIONS, AND COMPLIANCE

#### Qualifications in Hong Kong

To ensure that our Group is able to obtain and maintain all necessary licenses, qualifications and certifications for our operation in Hong Kong promptly, we maintain records which set out their relevant information including their respective expiry dates. Our administration department is responsible for making submissions to the relevant authorities before the expiry of the licenses, qualifications and certifications and checking all applicable requirements are complied with to ensure that we maintain valid licenses, qualifications, and certifications for the services we render to our customers.

As confirmed by our Directors, our Group has maintained all the necessary licenses, qualifications, and certifications which are required to carry on our Group's activities in Hong Kong as at the Latest Practicable Date. Our Directors confirm that we have not experienced any refusal of renewal of the licenses, qualifications and certifications necessary for our operations during Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there are no material impediments for our Group to renew any of our licenses upon expiry of the same.

As at the Latest Practicable Date, our Group has obtained the following major licenses, qualifications, and certifications in Hong Kong:

Relevant Hong Kong Government departments or public organisation	Category	Group	Holder	Date/month of First Grant/Registration	Expiry date for existing license	Remarks or other restrictions
WBDB	Approved Contractors for Public Works Buildings	C (confirmed)	Able Engineering	05-Oct-2001 (Probation granted on 19-Jul-1993)	(Note 1)	Authorised Tender Limit: any values exceeding HK\$185 million
WBDB	Approved Specialist List - Repair and Restoration of Historic Buildings (Western Style Buildings)	-	Able Engineering	04-Mar-2008	(Note 1)	Authorised contract value: Unlimited
WBDB	Approved Specialist List - Turn-key Interior Design and Fitting-out Works	I	Able Engineering	30-Apr-2009	(Note 1)	Authorised number of contracts: one contract at any one time as a trade test
Housing Authority	List of Building Contractors - Building (New Works)	NW2 (confirmed)	Able Engineering	10-Jul-2014 (Probation granted on 25-Aug-2005)	(Note 2)	Authorised Contract Value: Unlimited Maximum number of flats under construction at any given time: 17,000 units



## BUSINESS

Relevant Hong Kong Government departments or public organisation	Category	Group	Holder	Date/month of First Grant/ Registration	Expiry date for existing license	Remarks or other restrictions
Housing Authority	List of Building Contractors - Building (Maintenance)	M1 (confirmed)	Able Engineering	04-Feb-1997 (Probation granted on 02-Apr-1990)	(Note 2)	Authorised Contract Value: HK\$50 million
Housing Authority	Approved Decoration Contractors	-	Able Engineering	05-Nov-1993	(Note 2)	N/A
Buildings Department	Register of General Building Contractors	-	Able Engineering	20-Sep-1999	18-Aug-2017	N/A
Buildings Department	Specialist Contractors - Site Formation Works	-	Able Engineering	10-Jun-2000	30-Mar-2018	N/A
Buildings Department	Specialist Contractors - Foundation Works	-	Able Engineering	01-Jun-2000	09-Mar-2018	N/A
Housing Society	Approved List of Contractors - Building Works	List 2	Able Engineering	Oct-1996	N/A	N/A
Urban Renewal Authority	Corporation's List of Contractors for Repair/Maintenance Works	Upper Tier	Able Engineering	25-May-2000	N/A	N/A
Electrical and Mechanical Services Department	Registered Electrical Contractors (Electricity Ordinance)	-	Able Engineering	17-Dec-1998	16-Dec-2019	N/A
Buildings Department	Register of General Building Contractors	-	Able Building	15-Oct-2015	23-Sep-2018	N/A
Housing Authority	Approved Decoration Contractors	-	Able Contractors	06-Jan-2016	(Note 2)	N/A

*Notes:*

- (1) Registrations or qualifications with WBDB are not subject to periodic renewal condition except for capital requirement.
- (2) Annual renewal of the status as an approved contractor by the Housing Authority is subject to satisfactory compliance with the requirements set out in the "Guide to Registration of Works Contractors and Property Management Services Providers" published by the Housing Authority and the payment of a renewal application fee. Renewal requirements include statutory registration, ethical integrity, quality, etc.

## BUSINESS

Set out below are the technical directors and authorised signatories/contract managers/project managers of our Group:

Relevant Hong Kong Government departments or public organisation	Category	Holder	Technical director	Authorised signatory
Buildings Department	Register of General Building Contractors	Able Building	Mr. Lau Chi Fai Daniel	Mr. Lau Chi Fai Daniel Mr. Chow Chi Wing Mr. Yu Cheuk Hang
Buildings Department	Register of General Building Contractors	Able Engineering	Mr. Yau Mr. Yam Kui Hung	Mr. Chan Chun Kit Mr. Ho Chi Ming Wilson Mr. Lee Sze Ming Mr. Ng Kai Chow Mr. Yau Mr. Yu Wai Chung Kevin Mr. Yam Kui Hung Mr. Cheung Pak Lun
Buildings Department	Specialist Contractors – Site Formation Works	Able Engineering	Mr. Yau	Mr. Yau
Buildings Department	Specialist Contractors – Foundation Works	Able Engineering	Mr. Yau	Mr. Yau
Relevant Hong Kong Government departments or public organisation	Category	Holder	Technical director	Contract manager/ project manager
Housing Authority	List of Building Contractors – Buildings (New Works) – NW2 (confirmed)	Able Engineering	Mr. Yau	Mr. Ng Kai Chow Mr. Lee Sze Ming
Housing Authority	List of Building Contractors – Buildings (Maintenance) – M1 (confirmed)	Able Engineering	Mr. Yau	Mr. Ng Kai Chow

As at the Latest Practicable Date, two staff of our Group are also in the process of applying for approval of authorised signatory for a registered general building contractor. Our Directors expect the approvals will be obtained in the first quarter of 2017 and believe such measures can ensure the relevant requirements of the Buildings Ordinance and the Housing Authority can be complied with on a continuing basis should there be any personnel alterations.

## BUSINESS

Some of these registration or qualifications are subject to annual review and renewal. Our Group will renew all existing registrations and qualifications accordingly before their respective expiry dates. Our Directors confirm that we have not experienced any refusal of renewal of the registrations or qualifications necessary for our operations during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that they are not aware of any circumstances that would significantly hinder or delay the renewal of these registrations and qualifications. Please refer to the section headed “Laws and Regulations” in this prospectus for further details of the registrations or qualifications.

### Certifications

Nature	Certification <i>(Note)</i>	Awarding organisation	Holder	Period of validity
Quality Management System Accreditation	ISO 9001: 2008	ACIL	Able Engineering	19 May 2006 to 3 June 2017
Environmental Management System Accreditation	ISO 14001: 2004	ACIL	Able Engineering	19 May 2006 to 19 January 2018
Occupational Health and Safety Management System Accreditation	OHSAS 18001: 2007	ACIL	Able Engineering	19 May 2006 to 19 May 2018
Energy Management System Accreditation	ISO 50001: 2011	ACIL	Able Engineering	27 April 2013 to 27 April 2019
Social Responsibility Management System	ACI-SR26000	ACIL	Able Engineering	10 October 2015 to 10 October 2018

*Note:* The scope covers construction of buildings and building maintenance activities to keep, restore and improve the facilities of buildings and surroundings.

The validity of the above certificates is subject to the continuing satisfactory operation of the relevant holder’s management system and surveillance audits. Our Directors confirm that they are not aware of any circumstances that would significantly hinder or delay the renewal of these certifications.

## **Compliance**

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group has complied with all applicable laws, rules and regulations in all material aspects in Hong Kong and has obtained all permits, licences, certificates and registrations that are material to our existing business and operations in Hong Kong from the relevant government authorities, and that all such permits, licences, certificates and registrations were in force as at the Latest Practicable Date.

To ensure ongoing compliance with applicable laws, rules and regulations, we will:

- (i) identify and review any permits, licences, certificates and registrations required for our Group's operations and to ensure compliance with relevant laws, rules and regulations;
- (ii) check with our clients for any specific requirement when necessary;
- (iii) keep updating the new requirements, operation and control procedures under statutory and regulations; and
- (iv) brief our relevant staff for the updated requirements for ensuring that our relevant staff obtains updates of the industry characteristic.

## **OUR PROJECTS**

During the Track Record Period, we had undertaken building construction and RMAA projects in both public and private sectors. Regarding our building construction projects, which are normally one-off projects, the duration of projects usually ranged from 24 to 36 months, depending on the size of the contract and the complexity of the works undertaken. As for RMAA projects, which could be one-off or term contracts, such period usually ranged from 24 to 48 months.

During the Track Record Period and up to the Latest Practicable Date, we had completed 11 and 32 projects of building construction works and RMAA works, respectively. As at the Latest Practicable Date, we had six and five on-going projects of building construction and RMAA works, respectively. As at 30 November 2016, our Directors estimate that the aggregate outstanding project value and work order value of our Group's on-going building construction and RMAA projects amounted to approximately HK\$5,602.1 million, of which approximately HK\$1,439.7 million will be recognised in the four months ending 31 March 2017.

## BUSINESS

### Building construction projects

#### *Completed building construction projects*

The following table sets out the brief details of our completed building constructions projects during the Track Record Period and up to the Latest Practicable Date with contract sum of HK\$50 million or above, in ascending order by commencement date:

Project Code	Location of project	Type of projects	Type of works	Project period (Note 1)	Contract sum (approximate HK\$ million) (Note 2)	Price adjustment provision (Note 4)
A1	Tsuen Wan	Private	Construction of residential building	Aug 2011 – Apr 2015	1,611.6	No
A2	Central Mid-levels	Private	Redevelopment of school	Aug 2011 – Jan 2014	176.6	No
A3	Cheung Sha Wan	Public	Construction of medical centre	Oct 2011 – Nov 2013	1,170.0	No
A4	Kowloon City	Public	Construction of public rental housing	Oct 2011 – Jun 2014	384.0	Yes
A5	Pokfulam	Private	Construction and fitting-out for residential building	Oct 2012 – Jul 2016	122.0 (Note 3)	No
A6	Tseung Kwan O	Private	Fitting-out for clubhouse	Mar 2013 – Jul 2015	123.0	No
A11	Ho Man Tin	Private	Carcass work	Feb 2014 – Sep 2016	828.0	No
A7	Tsing Yi	Private	Construction of logistics facilities	Nov 2014 – Mar 2016	1,405.0	No
A8	Ho Man Tin	Private	Fitting-out for clubhouse	Feb 2015 – June 2016	63.8	No

*Notes:*

- (1) The project period covers the duration of our works with reference to the commencement date and the completion date of the relevant project set out in the letter of award or letter of commencement or in the payment certificate issued by our customer or their authorised persons, or with reference to the practical completion certificate issued by the relevant project architect and certificates of completion issued by our customers.
- (2) Contract sum refers to the original awarded contract sum excluding all variation orders issued by our customers.
- (3) Contract sum of Project A5 represents the original awarded contract sum of building construction works and the accumulated certified amounts during the Track Record Period for fitting-out works.
- (4) Price adjustment provision refers to the mechanism stated in each contract that will adjust the contract sum in connection with fluctuations in costs.

## BUSINESS

Project A5 was awarded by a member of Remaining Vantage Group. For details, please refer to the section headed “Connected Transaction”.

### *Building construction projects in progress*

The following table sets out the brief details of our building construction projects in progress with awarded contract sum of HK\$50 million or above undertaken by us and remained on-going as at the Latest Practicable Date, in ascending order by commencement date:

Project Code	Location of project	Type of projects	Type of works (Note 1)	Expected project period	Remaining contract sum		Approximate percentage of completion as at 31 July 2016 (%) (Note 4)	Price adjustment provision (Note 5)	% of revenue recognised during the Track Record Period (%)	Revenue to be recognised for the years ending 31 March (Note 6)	
					Awarded contract sum (approximate HK\$ million) (Note 2)	as at 31 July 2016 (approximate HK\$ million)				2017 (approximate HK\$ million)	2018 (approximate HK\$ million)
A9	Ho Man Tin	Private	Construction of and fitting-out of residential building	Jul 2012 – Mar 2017	126.1 (Note 3)	50.0	46.1	No	1.0	50.0	0
A10	Tai Lam	Public	Design and construction of Government facilities	Aug 2012 – Feb 2017	823.0	99.8	75.9	Yes	10.9	99.8	0
A12	South Bay	Private	Redevelopment of school	Mar 2015 – Jul 2017	736.7	618.9	16.0	No	2.2	461.6	157.3
A13	Tung Chung	Public	Construction of public rental housing	Nov 2015 – Jun 2018	2,460.0	2,212.5	9.6	Yes	4.5	777.5	1,435.0
A14	Yau Tong	Public	Construction of public rental housing	Feb 2016 – Aug 2018	516.0	491.2	5.5	Yes	3.0	149.5	249.4
A15	Lai Chi Kok	Public	Construction of public rental housing	Apr 2016 – Dec 2018	2,590.0	2,545.2	2.0	Yes	0.7	589.3	1,333.9

#### *Notes:*

- (1) The expected work period for a particular project comprises the commencement date of the relevant project set out in the letter of commencement or in the payment certificates issued by our customer or their authorised persons and our best estimation of the completion of the project. In making of the estimation, our management takes into account factors including the date specified in the relevant contract, the extension period granted by our customers and the actual work schedule of our subcontractors.
- (2) Awarded contract sum is the original contract sum and subject to adjustments upon variation orders issued by our customers.
- (3) Contract sum of project A9 is estimated based on the accumulated certified amounts during the Track Record Period and the annual cap of HK\$80 million for the year ending 31 March 2017. For details, please refer to the section headed “Connected Transaction”.
- (4) It represents the amount of works certified based on the certificates issued by our customers on the respective projects as at 31 July 2016 as a percentage of the original contract sum.
- (5) Price adjustment provision refers to the mechanism stated in each contract that will adjust the contract sum in connection with fluctuations in costs.
- (6) It represents our best estimation based on factors including the date specified in the relevant contracts and internal historical statistics data of revenue recognising.

## BUSINESS

### RMAA projects

#### *Completed RMAA projects*

The following table sets out the brief details of our RMAA projects completed during the Track Record Period and up to the Latest Practicable Date with the estimated project value of HK\$50 million or above, in ascending order by commencement date:

Project code	Location of project	Type of projects	Type of works	Project period (Note 1)	Estimated project value (Note 2) <i>(approximate HK\$ million)</i>	Price adjustment provision (Note 3)
B1	Hong Kong Island Eastern and Outlying Islands (South)	Public	Term Contract for RMAA	Apr 2010 – Apr 2014	408.4	No
B2	Tai Po, North District and Outlying Islands (North)	Public	Term Contract for RMAA	Apr 2010 – Apr 2014	441.1	No
B3	Kowloon City, Sai Kung and Outlying Islands (Sai Kung)	Public	Term Contract for RMAA	Oct 2011 – Apr 2014	221.3	No
B4	Sham Shui Po, Tsuen Wan, Kwai Tsing, Kwun Tong, Mongkok, Yaumatei, Tsim Sha Tsui, Tai Po, North District, Outlying Islands (North), Tuen Mun and Yuen Long	Public	Term Contract for RMAA	Oct 2011 – Oct 2015	256.7	No
B5	Hong Kong Island, Lantau Island and Outlying Islands (South), Wong Tai Sin, Sha Tin, Kowloon City, Sai Kung and Outlying Islands (Sai Kung)	Public	Term Contract for RMAA	Oct 2011 – Oct 2015	308.5	No
B6	Hong Kong Island, Lantau Island and Outlying Islands (South)	Public	Term Contract for RMAA	Oct 2011 – Oct 2015	335.4	No

## BUSINESS

Project code	Location of project	Type of projects	Type of works	Project period (Note 1)	Estimated project value (Note 2) <i>(approximate HK\$ million)</i>	Price adjustment provision (Note 3)
B7	Wong Tai Sin and Shatin	Public	Term Contract for RMAA	Oct 2011 – Apr 2014	221.3	No
B8	Various Location	Public	Term Contract for RMAA	Nov 2011 – Nov 2014	178.0	No
B9	Kowloon and Outlying Islands (Sai Kung)	Public	Term Contract for RMAA	Jul 2012 – Jan 2015	292.9	No
B10	New Territories and Outlying Islands (North)	Public	Term Contract for RMAA	Jul 2012 – Jul 2015	318.3	No
B11	Tsuen Wan, Kwai Tsing, Tuen Mun and Yuen Long	Public	Term Contract for RMAA	Apr 2013 – Apr 2016	319.2	No

*Notes:*

- (1) For term contracts, the project period covers the duration of our works with reference to the commencement date of the relevant project set out in the letter of commencement and the contract terms.
- (2) The final accounts of the completed RMAA projects had not been issued as at 31 March 2016. The estimated project value refers to our best estimation based on the relevant tender document or contract sum stated in the respective contract.
- (3) Price adjustment provision refers to the mechanism stated in the work order that will adjust the work order value in connection with fluctuations in costs.



## BUSINESS

### RMAA projects in progress

The following table sets out the brief details of our RMAA projects in progress with estimated project value of HK\$50 million or above:

Project Code	Location of project	Type of projects	Type of works	Project period (Note 1)	Estimated project value (Note 2) (approximate HK\$ million)	Price adjustment provision (Note 3)	Revenue to be recognised for the years ending 31 March (Note 4)	
							2017 (approximate HK\$ million)	2018 (approximate HK\$ million)
B12	Yau Ma Tei	Public	Term Contract For RMAA	Oct 2016- Apr 2020	240.0	No	23.4	70.2

Notes:

- (1) For term contracts, the project period covers the duration of our works with reference to the commencement date of the relevant project set out in the letter of commencement.
- (2) The estimated project value refers to our best estimation based on the relevant tender document.
- (3) Price adjustment provision refers to the mechanism stated in the work order that will adjust the work order value in connection with fluctuations in costs.
- (4) It represents our best estimation based on factors including the date specified in the relevant contracts and internal historical statistics data of revenue recognising.

We submitted 13, 18, 23 and four tenders for building construction projects, and six, nine, seven and one tenders for RMAA projects, for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. Our success rates for building construction tenders submitted were approximately 7.7%, 11.1%, 13.0% and nil for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. Our success rates in tendering for RMAA projects were approximately nil, 22.2%, 28.6% and 100% for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

Our Directors are of the view that the major reasons for the seemingly low success rates in tendering projects are that: (i) our Group has to remain active on different employers' lists of approved contractors and submit tenders regularly; (ii) our Group has to maintain up-to-date market data such as labor and raw material costs from subcontractors and suppliers when obtaining preliminary quotations from these parties during preparation of tender documents; and (iii) our Group believes all successful and unsuccessful tenders provide us with crucial market information and can serve as references in future tendering exercises.

<b>BUSINESS</b>
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The table below sets out the number of tenders submitted and awarded to our Group during the Track Record Period by service provided and by customer sectors:

	For the year ended 31 March			For the four months ended
	2014	2015	2016	31 July 2016
<b>BY SERVICE PROVIDED</b>				
<b>Building construction</b>				
Number of tenders submitted	13	18	23	4
Number of successful tenders	1	2	3	0
Success rate (%)	7.7	11.1	13.0	0
Approximate contract sum of tenders submitted (HK\$ million)	8,100.2	14,814.7	23,489.2	9,100.0
Approximate contract sum of successful tenders (HK\$ million)	828.0	2,120.0	5,566.0	0
<b>RMAA</b>				
Number of tenders submitted	6	9	7	1
Number of successful tenders	0	2	2	1
Success rate (%)	0	22.2	28.6	100
Approximate contract sum of tenders submitted (HK\$ million)	1,160.5	2,562.0	236.2	240.0
Approximate contract sum of successful tenders (HK\$ million)	0	78.8	53.5	240.0

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	For the year ended 31 March			For the four months ended 31 July
	2014	2015	2016	2016
<b>BY CUSTOMER SECTORS</b>				
<b>Public sector</b>				
Number of tenders submitted	10	12	16	5
Number of successful tenders	0	1	5	1
Success rate (%)	0	8.3	31.3	20.0
Approximate contract sum of tenders submitted (HK\$ million)	4,768.7	9,896.4	12,676.8	9,340.0
Approximate contract sum of successful tenders (HK\$ million)	0	15.0	5,619.5	240.0
<b>Private sector</b>				
Number of tenders submitted	9	15	14	0
Number of successful tenders	1	3	0	0
Success rate (%)	11.1	20.0	0	0
Approximate contract sum of tenders submitted (HK\$ million)	4,492.0	7,480.3	11,048.6	0
Approximate contract sum of successful tenders (HK\$ million)	828.0	2,183.8	0	0

*Note:* Public sector customers include Government bureaus and departments such as the Education Bureau and the Architectural Services Department; and statutory bodies including the Housing Authority and the Hospital Authority.

As at the Latest Practicable Date, we have submitted nine building construction tenders and one RMAA tender. Of these ten submitted tenders, nine were for public sector projects. As at the Latest Practicable Date, our Group was in process of preparing tender for nine building construction projects, of which eight of them were for public sector projects.

### SALES AND MARKETING AND CUSTOMERS

#### Sales and marketing

The building construction and RMAA projects in the public sector undertaken by us are normally contracted to us by way of Open Tender or Restricted Tender from our customers who are mainly the Government, the Housing Authority and the Hospital Authority.

As for building construction and RMAA projects in the private sector undertaken by us, they are normally contracted to us by way of Restricted Tender from our customers who are mainly private property developers.

## BUSINESS

Our Directors believe that the success of our Group in Open Tender and Restricted Tender has demonstrated our ability in project management and implementation such as relevant technical skills and experience which secures its business in a competitive environment. This is because our Group needs to go through a competitive tendering process and to compete with other approved contractors of our customers to obtain new projects and each of our Group's successful tender depends on several factors including tender price and relevant technical skills and experience expected by our customers.

We do not maintain a specialised team of sales and marketing staff. Instead, the marketing works are mainly conducted by our executive Directors. For instance, our Directors, from time to time, are invited to attend events hosted by other industry players and provide sponsorships to educational institutions. These activities help us maintain a relationship with our customers, keep abreast of the latest market developments and industry information, and build our reputation in the market. Tender invitations from the private sector mainly come from word-of-mouth, reputation and established track record rather than advertising and promotion. As a result, we are of the view that our past job reference, expertise in relation to our building construction and RMAA works, relationship with customers and our network in the industry are some important deciding factors for our existing and potential customers in choosing us to be a working party in pitching for construction projects from customers.

### **Customers**

During the Track Record Period, we served customers from the public and private sectors. Generally, our projects are on contract by contract basis. Payments are generally made within 21 to 30 days after the issue of the progress payment certificate by our customer (or, as the case may be, presentation of invoice by us). Our accounts receivables are normally settled by cheque or bank transfer in Hong Kong dollars.

During the three years ended 31 March 2016 and the four months ended 31 July 2016, the total revenue of our Group amounted to approximately HK\$2,703.9 million, HK\$2,117.4 million, HK\$2,502.9 million and HK\$543.4 million, respectively. For the three years ended 31 March 2016 and the four months ended 31 July 2016, revenue derived from the public sector accounted for approximately 55.2%, 44.4%, 22.6% and 71.2% of our total revenue, respectively. All our revenue were derived from services we provided in Hong Kong.

## BUSINESS

Set out below is our revenue contribution by sector of our customers during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector	1,493,580	55.2	940,500	44.4	566,596	22.6	147,967	12.9	386,837	71.2
Private sector	1,210,319	44.8	1,176,853	55.6	1,936,324	77.4	1,001,548	87.1	156,547	28.8
	<u>2,703,899</u>	<u>100.0</u>	<u>2,117,353</u>	<u>100.0</u>	<u>2,502,920</u>	<u>100.0</u>	<u>1,149,515</u>	<u>100.0</u>	<u>543,384</u>	<u>100.0</u>

### Major customers

For the three years ended 31 March 2016 and four months ended 31 July 2016, our five largest customers accounted for approximately 89.0%, 86.7%, 90.3% and 91.1% of our revenue, respectively; and our largest customer accounted for approximately 30.7%, 39.4%, 40.7% and 42.7% of our revenue, respectively. We have not entered into any long-term framework agreements with any of these customers. Our Directors confirm that our Group had no material dispute with or recovery of claims from its customers during the Track Record Period.

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

#### For the year ended 31 March 2014

Rank	Name of Customer	Sector of customer	Approximate amount of revenue HK\$ million	Approximate % of total revenue	Service provided by our Group	Approximate number of years of business relationship
1	Architectural Services Department (note 1)	Public	830.2	30.7	Building construction and RMAA works	21
2	Excel Engineering Company Limited (note 2)	Private	769.0	28.4	Building construction works	9
3	Hospital Authority (note 3)	Public	375.5	13.9	Building construction and RMAA works	5
4	Customer A (note 4)	Private	260.2	9.6	RMAA works	6
5	Housing Authority (note 5)	Public	174.1	6.4	Building construction and RMAA works	21
Five largest customers combined			<u>2,409.0</u>	<u>89.0</u>		

## BUSINESS

### For the year ended 31 March 2015

Rank	Name of customer	Sector of customer	Approximate amount of revenue <i>HK\$ million</i>	Approximate % of total revenue	Service provided by our Group	Approximate number of years of business relationship
1	Architectural Services Department <i>(note 1)</i>	Public	835.0	39.4	Building construction and RMAA works	21
2	Customer B <i>(note 6)</i>	Private	357.6	16.9	Building construction works	2
3	Customer C <i>(note 7)</i>	Private	307.8	14.5	Building construction works	3
4	Customer A <i>(note 4)</i>	Private	177.5	8.4	RMAA works	6
5	Excel Engineering Company Limited <i>(note 2)</i>	Private	158.1	7.5	Building construction works	9
Five largest customers combined			1,836.0	86.7		

### For the year ended 31 March 2016

Rank	Name of customer	Sector of customer	Approximate amount of revenue <i>HK\$ million</i>	Approximate % of total revenue	Service provided by our Group	Approximate number of years of business relationship
1	Customer B <i>(note 6)</i>	Private	1,018.2	40.7	Building construction works	2
2	Customer C <i>(note 7)</i>	Private	519.8	20.8	Building construction works	3
3	Architectural Services Department <i>(note 1)</i>	Public	451.3	18.0	Building construction and RMAA works	21
4	Customer A <i>(note 4)</i>	Private	174.7	7.0	RMAA works	6
5	Housing Authority <i>(note 5)</i>	Public	95.4	3.8	Building construction and RMAA works	21
Five largest customers combined			2,259.4	90.3		

## BUSINESS

### For the four months ended 31 July 2016

Rank	Name of customer	Sector of customer	Approximate amount of revenue <i>HK\$ million</i>	Approximate % of total revenue	Service provided by our Group	Approximate number of years of business relationship
1	Housing Authority <i>(note 3)</i>	Public	232.1	42.7	Building construction and RMAA works	21
2	Architectural Services Department <i>(note 1)</i>	Public	154.4	28.4	Building construction and RMAA works	21
3	Customer C <i>(note 7)</i>	Private	41.7	7.7	Building construction works	3
4	Customer D <i>(note 8)</i>	Private	36.9	6.8	Building construction works	1
5	Covalla Limited <i>(note 9)</i>	Private	29.6	5.5	Building construction works	4
Five largest customers combined			494.7	91.1		

*Notes:*

- (1) Architectural Services Department is a Government department providing monitoring and advisory services, facilities upkeep and facilities development of Government-owned and Government-funded facilities.
- (2) Excel Engineering Company Limited is a wholly-owned subsidiary of Excel Development (Holdings) Limited (formerly known as Excel Engineering (Holdings) Limited) and principally engaged in civil engineering and building construction and maintenance works. Excel Development (Holdings) Limited was a wholly-owned subsidiary of Vantage until 11 December 2013. On 11 December 2013, the shares of Excel Development (Holdings) Limited were listed on the Main Board of the Stock Exchange as a 75% owned subsidiary of Vantage. On 5 June 2015, Excel Development (Holdings) Limited ceased to be a subsidiary of Vantage following a major transaction between Profit Chain Investments Limited and an Independent Third Party.
- (3) Hospital Authority is a statutory body established in 1990 under the Hospital Authority Ordinance to manage all public hospitals in Hong Kong.
- (4) Customer A is a Hong Kong subsidiary of a state owned construction enterprise in PRC.
- (5) Housing Authority is a statutory body established to develop and implement Hong Kong's public housing programme.
- (6) Customer B is a private company in Hong Kong engaged in property development and investment.
- (7) Customer C is a subsidiary of a listed company in Hong Kong engaged in property development and investment.
- (8) Customer D is a private company in Hong Kong engaged in running private schools.
- (9) Covalla Limited is a member of the Remaining Vantage Group engaged in property development.

## BUSINESS

Save as disclosed in this prospectus, 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 period during the Track Record Period. Save as disclosed in this prospectus, all these five largest customers during the Track Record Period are Independent Third Parties.

We believe we have been a good working party of our major customers to their projects, and some of them have been cooperating with us for over 20 years. Such long-term business relationships benefited our Group in securing our sources of revenue during the Track Record Period.

### PROJECT EXECUTION

Our operating procedures in relation to the execution of building construction and RMAA project principally involve tendering, price determination, and project implementation. We have developed a quality management system covering construction of buildings and building maintenance activities and was accredited with ISO 9002 since 1993, which was subsequently converted into an ISO 9001 certification in 2002.

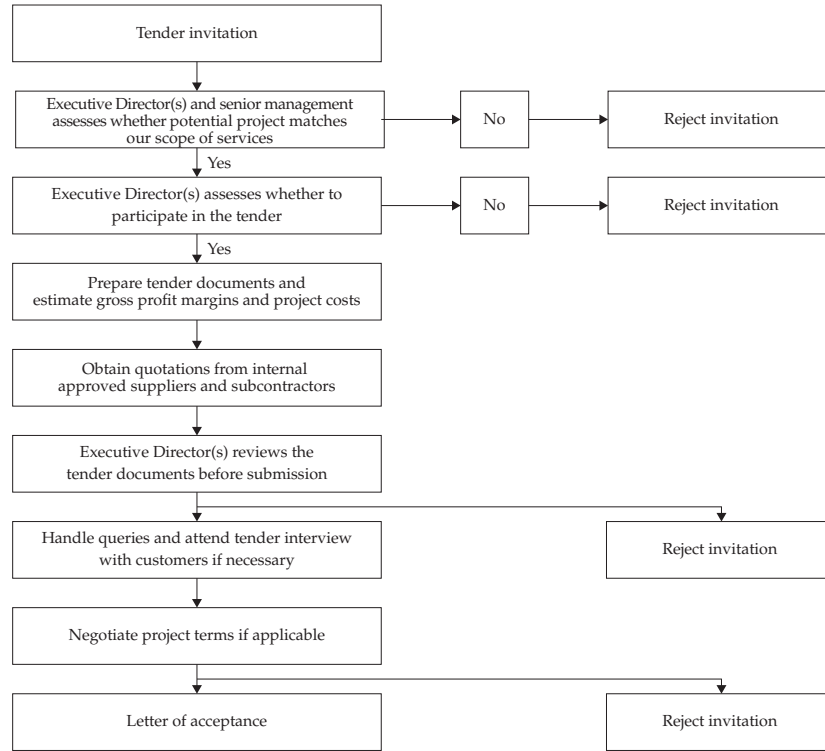
Duration of our projects is affected by a wide range of factors including technical complexity, building conditions, input of labour and expectation of customers. The expected duration of building construction projects are stated in the contract entered into between our customers and us. The duration of most of our building construction projects during the Track Record Period varied from approximately 24 to 36 months. A majority of our RMAA projects are undertaken under term contracts for a term ranging from 24 to 48 months. For some projects, our Group may have additional work period of one year or more after the end of our contract period to handle matters including variation orders given by our customers accumulated before the end of contract period, follow-up requests from our customers, billings, and other administrative work if so requires.



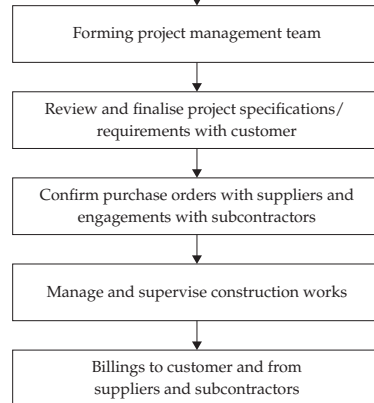
# BUSINESS

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

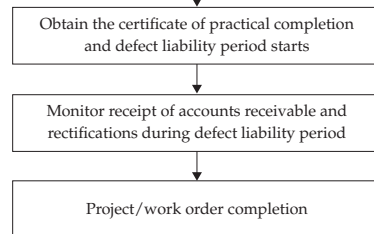
## Project review (tendering and price determination)



## Project implementation



## Project completion



## **Project review**

### *Tendering*

With respect to customers from the private sector in Hong Kong, we may be informed of projects subject to tenders by receiving invitation letters directly from the customers. Customers from the public sector in Hong Kong include Government departments and statutory bodies. We generally become aware of open tenders by reviewing, on a frequent basis, the Government Gazette and tender forecast from the Development Bureau website. In the case of selective tendering, the relevant entity will notify us by letter of invitation if we are on the relevant list of approved contractors. In some other cases, we are invited by other industry participants to form a joint venture to bid for a project, such as the Tin Shui Wai Hospital project awarded to the Leighton-Able JV, to aggregate our capabilities and resources to bid for and undertake projects.

In general, the invitation to tender is by way of letter. If we accept the invitation, a tender package or tender booklet is delivered to us consisting of conditions of tender, specifications, schedule of rates and drawings. The schedule of rates is to itemise the works and quantities. Our procurement department is responsible for conducting preliminary work in preparation for the tender submission. Such preliminary work usually includes reviewing tender document in details, ensuring that we have the requisite licenses and registrations for handling the engineering works, understanding the project specifications and, in case of private sector projects clarifying with our customers to see if they have other requirements and expectation regarding our work if we consider necessary.

We adopt a cost-plus pricing model for setting our tender price. We estimate the cost by considering preliminary cost, direct labour cost, subcontracting cost, material cost and insurance cost. During the preparation of a tender submission, we may obtain preliminary quotations from our construction materials suppliers and subcontractors to facilitate our estimation. To understand the site conditions and constraints, we would conduct site visit(s). Factors which would affect the tender price, including geographical conditions and proximity to concrete plants, would be considered.

If specialist subcontractors are required in the tender, we will ensure that we and our subcontractors as a working team possesses the requisite licenses and registrations to undertake the projects. According to the CH Report, when tendering for a project from the public sector, the employer sometimes (i) requires the main contractor to confirm which specialist subcontractor it is going to partner with in the project; or (ii) requires the main contractor to engage a specialist subcontractor from a list of approved specialist subcontractors; or (iii) requires the main contractor to engage nominated specialist subcontractor(s). Further details of our licenses and registrations are set out in the section headed “Laws and Regulations — Contractor Licensing Regime” in this prospectus.

### ***Price determination***

The procurement department, together with relevant responsible staff, after conducting preliminary assessments, will prepare a preliminary assessed project cost to our Directors and senior management for review. Our Directors and senior management would also determine the mark-up margin. In determining the mark-up margin, we maintain an internal mechanism to strike a balance between making a competitive tender price against our competitors and maintaining a reasonable gross profit margin of the project. Factors including pricing trends of labour and material cost, relationship with our customers and the professional parties already on board in the project and risk associated with the project will also be considered. Our procurement department would then fill in and revise the schedule of rates and prepare tender submission documents. For certain projects, there is a price adjustment mechanism pursuant to which the fees that we would receive from our customer under a contract would be adjusted for changes in certain costs to a certain extent after the tender price is fixed with reference to certain price indices such as those published by the Census and Statistics Department.

The time required for preparing a tender document varies from case to case, which depends on each project's specific requirements and complexity. Normally, it takes about six to eight weeks to complete a tender booklet. Our tender is generally valid for about three to six months. However, in the event that our Group is required to perform variation works which are not included in the original design layout specification, our customer and we will perform measurement and evaluation to the variation works and make an adjustment to the final contract value.

### **Project implementation**

#### ***Formation of project team***

Once we are awarded a contract for one-off or term project, we will form a project team, which normally consists of a project manager and a number of technical staff. Depending on the size of the contract and the complexity of the works undertaken, the project team may include additional staff. A project management team will be led by the project manager, who is responsible for the overall management of the project and has the requisite engineering background and experience to manage the project. The project manager, after consulting with our executive Director(s), will also decide on the scope of services to be subcontracted and which subcontractors to be engaged. The general responsibilities of our project teams normally include (i) review and finalise project specifications with customers; (ii) procurement of materials; (iii) engaging and delegation of works to subcontractors; (iv) coordinating with our customers, subcontractors and suppliers to complete the projects according to the work schedules; (v) managing our respective technical staff and subcontractors' technicians to complete the projects on schedule; and (vi) ensuring work quality and safety.

## BUSINESS

Our project management staff is responsible for the quality control on site and ensuring the site operations comply with the quality system. Our subcontractors are responsible for carrying out works under our instructions and supervisions. On-site inspections are conducted by our qualified technical staff to ensure the quality of works. Further information on our quality control is set out in the section headed “Business — Quality Control” in this prospectus.

Once a project commences, our executive Director(s) and project managers will monitor the progress of the project to ensure that (i) the technical standard 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 managers also communicate from time to time and participate in project meetings periodically with our customers and subcontractors to assess and review the progress of the projects and to identify and resolve any problem or issue which may arise during the course of carrying out works.

### *Procurement of materials*

We estimate the amount of materials to be ordered, and we specify the location, delivery time and quantity to our suppliers on a project-by-project basis. Normally, we request our suppliers to provide quotations of materials during the preparation of our tendering documents. If we are awarded the contract, we will follow-up with our suppliers who have previously quoted us with the competitive pricing and to negotiate on pricing and other terms accordingly. Our Group’s practice is to confirm materials orders as soon as possible once the project is awarded to us. Unless our customers specify, we usually select our suppliers from our internal list of approved suppliers. We generally do not keep inventory in warehouses.

### **Project completion**

In most projects, certificates of practical completion are to be issued by our customers, which indicates that the building construction works have been substantially completed, tested and approved. For RMAA projects, upon completion of a work order, we prepare a completion notification, which will then be submitted to our customer for approval. Practical completion takes place upon the customer approves our completion notification. 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 defect liability period (normally 12 to 24 months) during which we are required to rectify all defective works during this period at our own expense.

**KEY PROJECT TERMS**

Some of the key project terms agreed between our Group and our customers include terms in respect of price, payment and retention money, the scope of work, defect liability period, variation orders, liquidated damages and termination.

**Price**

For one-off projects, the contracts normally state an agreed price subject to the scope of work and the employer's requirements. The tender price is decided taken into account factors including project requirements and the estimation of the amount of materials, labour and time required for the completion of the project.

For term contracts, as the RMAA works have been segmented into work orders to be issued over a period of time, the contracts do not normally specify minimum contract value. Instead, our management will have a preliminary estimation of the value of work orders to be received for a particular project when we entered into a term contract by reference to the relevant tender document issued by customer. The details of work to be performed are contained in each work order to be issued to us for term contracts.

**Price adjustment provision**

During the Track Record Period, for certain building construction projects from the public sector, price adjustment mechanism may be taken into account in the tender that the total contract sum may be adjusted in connection with fluctuations in costs. During the Track Record Period, the revenue contribution from projects with price adjustment provisions to our Group's total revenue were 9.5%, 14.5%, 10.4% and 54.4% for the years ended 31 March 2014, 2015, 2016 and for the four months ended 31 July 2016, respectively.

The followings set out the revenue contributions of projects with price adjustment provisions as a percentage of our Group's total revenue during the Track Record Period:

**For the year ended 31 March 2014**

	<b>Building construction projects</b>	<b>RMAA projects</b>	<b>Total</b>
Revenue from projects with price adjustment provisions (approximate HK\$ million)	257.2	0	257.2
Total revenue of our Group (approximate HK\$ million)	1,582.0	1,121.9	2,703.9
Approximate percentage of revenue contribution from projects with price adjustment provisions	16.3%	0%	9.5%

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**For the year ended 31 March 2015**

	<b>Building construction projects</b>	<b>RMAA projects</b>	<b>Total</b>
Revenue from projects with price adjustment provisions (approximate HK\$ million)	307.7	0	307.7
Total revenue of our Group (approximate HK\$ million)	1,309.9	807.5	2,117.4
Approximate percentage of revenue contribution from projects with price adjustment provisions	23.5%	0%	14.5%

**For the year ended 31 March 2016**

	<b>Building construction projects</b>	<b>RMAA projects</b>	<b>Total</b>
Revenue from projects with price adjustment provisions (approximate HK\$ million)	261.0	0	261.0
Total revenue of our Group (approximate HK\$ million)	2,022.8	480.1	2,502.9
Approximate percentage of revenue contribution from projects with price adjustment provisions	12.9%	0%	10.4%

**For the four months ended 31 July 2016**

	<b>Building construction projects</b>	<b>RMAA projects</b>	<b>Total</b>
Revenue from projects with price adjustment provisions (approximate HK\$ million)	295.5	0	295.5
Total revenue of our Group (approximate HK\$ million)	428.4	115.0	543.4
Approximate percentage of revenue contribution from projects with price adjustment provisions	69.0%	0%	54.4%

### **Progress payment**

For most of our building construction projects and RMAA work orders, we normally receive progress payment from customers on a monthly basis according to the value of works done. In general, we submit interim payment application to our customers on a monthly basis according to the amount of works completed during the month. Once we have submitted the payment application, the authorised representative (who is usually the architect or quantity surveyor employed by the customers) will issue a progress payment certificate to us, certifying the works progress in the preceding month. It normally takes about 21 to 30 days from the date of an interim payment application for such certificate to be issued. Following the issue of such certificate, the customer is generally obliged to pay our Group the amount certified less retention money. However, for certain private customers and at their request, our Group may issue a debit note or invoice based on the progress certificate issued. Payments are generally made within 21 to 30 days after the issue of the progress payment certificate by our customer (or, as the case may be, presentation of invoice).

For RMAA work orders, there will usually be no progress payment. Instead, payment for a certain work order value is settled after practical completion of such work order.

### **Retention money**

For our one-off projects, there is a term for our customers to hold up an amount of fee as retention money from the progress payment. The retention money is generally retained by our customers at a rate of 1% to 10% of each interim payment made to us and, subject to a maximum limit of 5% of the total contract sum. Generally, the first half of the retention money is released upon practical completion and the second half of the retention money is released to us upon expiry of the defect liability period. There is no retention money policy for our RMAA term contracts. As at 31 July 2016, retention receivables held by our customers excluded from contract receivables amounted to approximately HK\$148.1 million.

### **Defect liability period**

We are generally subject to defect liability period, and we are responsible for rectifying all defective works under our scope of work at our own expense during such period. The defect liability period, normally 12 to 24 months, commences upon the date of practical completion. As a general practice, our Group will include defect liability period clauses, in accordance with such clauses in the main contract, in relevant subcontracts. During the Track Record Period, there was no material claim or complaint brought against our Group by our customers and the cost incurred for rectifying defective works was immaterial.

### **Variation orders**

Usually for building construction projects, we may be given variation orders where our customers amend the specification and scope of work from that originally contracted. A variation order may increase, omit or vary the original scope of work and adjust the original contract sum. The scope of the variation order will need to be agreed by our customers and us. The rights and obligations under the variation order will be the same as that under the contract.

### **Liquidated damages**

It is common to include in the main contract a liquidated damages clause. If we fail to complete the work set out in the contracts within the stipulated time and/or cause unnecessary delay to project completion, we may need to reimburse our customer for a sum of liquidated damages. To provide for certain unforeseen circumstances which are beyond the control of our Group (e.g. heavy rainfall, typhoon), a clause may be included in contracts for “extension of time” which our Group may use to offset liquidated damage claims arising out of possible late completion of works. Our Directors confirmed that there was no material liquidated damage paid by our Group during the Track Record Period.

### **Surety or performance bond**

For certain projects from private sector, our customers may require us to take out a surety bond issued by a bank or an insurance company for an amount equivalent to about 1% – 10% of the contract sum to secure our Group’s due performance of the contract.

### **SUPPLIERS**

We will assess the overall performance of potential suppliers, including product quality, timeliness of delivery, references and reputation in the industry, from time to time to ensure that we have maintained a reasonably diversified base of reliable suppliers which offer competitive prices. As at the Latest Practicable Date, there were 465 suppliers on our list of approved suppliers. Generally, unless our customers specify, we select our suppliers from our list of approved suppliers based on their prices, quality, past performance and capacity. None of our suppliers has entered into long-term supply agreement with us.

Depending on the type of materials and project progress, we order materials approximately seven to 30 days in advance. During the Track Record Period, we had not experienced any significant shortage nor delay in delivery of materials by our suppliers causing a material disruption to our works. Materials purchased by us are normally settled by cheque in Hong Kong dollars. Our suppliers normally grant credit period of 30 days from the invoice date of the relevant purchases to us. We incurred approximately HK\$177.1 million, HK\$185.6 million, HK\$200.5 million and HK\$73.9 million in material costs for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 6.8%, 9.3%, 9.1% and 15.4% of our contract costs for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

Our largest supplier accounted for approximately 23.1%, 38.1%, 40.0% and 15.5% of our total material costs for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, respectively, and our five largest suppliers accounted for approximately 56.5%, 81.5%, 79.7% and 54.1% of our total material costs for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, respectively.



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

### For the year ended 31 March 2014

Rank	Name of supplier	Background of the supplier	Approximate amount of material costs <i>HK\$ million</i>	Approximate % of total material costs of our Group	Major materials supplied	Approximate years of business relationship
1	Supplier A <i>(note 1)</i>	Provision of ready-mixed concrete	41.0	23.1	Concrete	7
2	Supplier B <i>(note 2)</i>	Provision of steel bar	33.4	18.9	Steel bars	2
3	Supplier C <i>(note 3)</i>	Provision of building materials	9.6	5.4	Building materials	4
4	Supplier D <i>(note 4)</i>	Provision of building materials	8.6	4.8	Building materials	8
5	Supplier E <i>(note 5)</i>	Provision of ready-mixed concrete	7.6	4.3	Concrete	9
Five largest suppliers combined			<u>100.2</u>	<u>56.5</u>		

### For the year ended 31 March 2015

Rank	Name of supplier	Background of the supplier	Approximate amount of material costs <i>HK\$ million</i>	Approximate % of total material costs of our Group	Major materials supplied	Approximate years of business relationship
1	Supplier A <i>(note 1)</i>	Provision of ready-mixed concrete	70.7	38.1	Concrete	7
2	Supplier F <i>(note 6)</i>	Provision of steel bar	38.5	20.8	Steel bars	2
3	Supplier B <i>(note 2)</i>	Provision of steel bar	21.2	11.4	Steel bars	2
4	Supplier G <i>(note 7)</i>	Provision of tiles	16.1	8.7	Tiles	5
5	Supplier H <i>(note 8)</i>	Provision of ready-mixed concrete	4.7	2.5	Concrete	6
Five largest suppliers combined			<u>151.2</u>	<u>81.5</u>		

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### For the year ended 31 March 2016

Rank	Name of supplier	Background of the supplier	Approximate amount of material costs <i>HK\$ million</i>	Approximate % of total material costs of our Group	Major materials supplied	Approximate years of business relationship
1	Supplier A <i>(note 1)</i>	Provision of ready-mixed concrete	80.2	40.0	Concrete	7
2	Supplier F <i>(note 6)</i>	Provision of steel bar	33.9	16.9	Steel bars	2
3	Supplier I <i>(note 9)</i>	Provision of steel bar	22.9	11.4	Steel bars	6
4	Supplier J <i>(note 10)</i>	Provision of flooring	14.4	7.2	Flooring	2
5	Supplier H <i>(note 8)</i>	Provision of ready-mixed concrete	8.4	4.2	Concrete	6
Five largest suppliers combined			159.8	79.7		

### For the four months ended 31 July 2016

Rank	Name of supplier	Background of the supplier	Approximate amount of material costs <i>HK\$ million</i>	Approximate % of total material costs of our Group	Major materials supplied	Approximate years of business relationship
1	Supplier A <i>(note 1)</i>	Provision of ready-mixed concrete	11.4	15.5	Concrete	7
2	Supplier I <i>(note 9)</i>	Provision of steel bar	10.5	14.2	Steel bars	6
3	Supplier F <i>(note 6)</i>	Provision of steel bar	8.4	11.4	Steel bars	2
4	Supplier K <i>(note 11)</i>	Provision of ready-mixed concrete	8.0	10.8	Concrete	5
5	Supplier E <i>(note 5)</i>	Provision of ready-mixed concrete	1.6	2.2	Concrete	9
Five largest suppliers combined			39.9	54.1		

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*Note:*

- (1) Supplier A is a Hong Kong private company engaged in supply of concrete.
- (2) Supplier B is a Hong Kong private company engaged in supply of steel bars.
- (3) Supplier C is a Hong Kong private company engaged in supply of building materials and was dissolved by deregistration on 24 June 2016.
- (4) Supplier D is a Hong Kong private company engaged in supply of building materials.
- (5) Supplier E is a Hong Kong private company engaged in supply of concrete.
- (6) Supplier F is a Hong Kong private company engaged in supply of steel bars.
- (7) Supplier G is a Hong Kong private company engaged in supply of tiles.
- (8) Supplier H is a Hong Kong private company engaged in supply of concrete.
- (9) Supplier I is a Hong Kong private company engaged in supply of steel bars.
- (10) Supplier J is a Hong Kong private company engaged in supply of flooring.
- (11) Supplier K is a Hong Kong private company engaged in supply of concrete.

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 and all of which are Independent Third Parties.

### SUBCONTRACTORS

As a general industry practice confirmed by our Directors, it is common for contractors at our tier to focus on business activities including project review, system design, co-ordination, project management and other supervisory work and to minimise overhead costs through subcontracting physical on-site works to internally approve subcontractors by entering into separate subcontracts with them.

For building construction projects, we engage subcontractors by trade. Thus, each subcontractor is normally responsible for a single trade of the project and may engage additional tier of subcontractor. For RMAA projects, we intend to engage subcontractors according to geographical locations where each subcontractor is responsible for a certain area.

We maintain a list of approved subcontractors who are assessed and approved by us. Our assessment may include (i) evaluating of subcontractors' recent performance; (ii) reviewing whether the subcontractor has an approved quality assurance system and whether 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 licenses and registrations for handling engineering works. We will select subcontractors from our approved subcontractors list

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based on their previous experience, skills, present work load, price quotations and historical work quality. Our subcontractors are neither our employees nor agents and we are not a party to the employment arrangement between our subcontractors and their employees.

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 meet with the engaged subcontractors and closely monitor their work progress and performance. The standard subcontracts entered into between our Group and the subcontractors provide that the subcontractors are required to observe all the requirements and provisions of the tender document.

The subcontracting fee is arrived by reference to the quotation provided by the subcontractor and the assessment of the amount of work to be completed by the subcontractor. Some of the major terms of standard subcontracts agreed by our subcontractors and us are set out below:

- |                                     |   |
|-------------------------------------|---|
| Payment term:                       | After subcontractors submit monthly interim invoices to our Group, we will make payments less retention money, if any. The retention money is retained by our Group (usually at a rate of about 1% to 10%, subject to a maximum limit of 5% of the total contract sum) of each interim payment made to subcontractors.  |
| Responsibilities of subcontractors: | <ul style="list-style-type: none"><li>(i) subcontractors should comply with customer's specifications and drawings as well as all relevant Hong Kong compliance requirements;</li><li>(ii) subcontractors are not allowed to assign their interests under the subcontract or subcontract out the subcontract work without our prior written consent; and</li><li>(iii) subcontractors should complete their designated works on schedule unless otherwise agreed by us.</li></ul> |
| Claims and termination:             | Our Group has full discretion to employ any other subcontractors to carry out the specified works.  |

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 the employees of our subcontractors arising from work injuries as may happen from time to time. Therefore, we carry out regular assessments of our subcontractors during a project to ensure quality and safety of their works. Our technical staff will make regular site visits to ensure general compliance by our subcontractors in all respects particularly regarding safety and environmental requirements. During the Track Record Period, there had been no default in making payment by our customer to us in relation to the works performed by our subcontractors.

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Payments to our subcontractors are normally settled by cheque in Hong Kong dollars. Our subcontractors normally grant credit period of 30 to 90 days from the invoice date. We incurred approximately HK\$2,227.3 million, HK\$1,644.7 million, HK\$1,807.1 million and HK\$328.6 million in subcontracting fee for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively, representing approximately 85.7%, 82.3%, 82.0% and 68.5% of our contract costs for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

As at the Latest Practicable Date, we had 1,082 internally approved subcontractors who are able to handle works assigned by us. Our largest subcontractor accounted for approximately 8.4%, 7.3%, 10.0% and 11.0% of our total subcontracting fee for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively and our five largest subcontractors accounted for approximately 27.4%, 28.9%, 35.1% and 44.8% of our total subcontracting fee for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively.

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

### For the year ended 31 March 2014

Rank	Name of subcontractor	Background of the subcontractor	Approximate amount of subcontracting costs <i>HK\$ million</i>	Approximate % of total subcontracting costs of our Group	Major services provided to our Group	Approximate years of business relationship
1	Subcontractor A <i>(note 1)</i>	Provision of maintenance services	186.5	8.4	Maintenance works	4
2	Subcontractor B <i>(note 2)</i>	Provision of maintenance services	134.2	6.0	Maintenance works	4
3	Subcontractor C <i>(note 3)</i>	Production and installation of curtain wall	108.7	4.9	Curtain wall & cladding	5
4	Subcontractor D <i>(note 4)</i>	Provision of maintenance services	95.1	4.3	Maintenance works	5
5	Subcontractor E <i>(note 5)</i>	Provision of electrical and mechanical installation	84.8	3.8	Electrical and mechanical installation	4
Five largest subcontractors combined			<u>609.3</u>	<u>27.4</u>		

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### For the year ended 31 March 2015

Rank	Name of subcontractor	Background of the subcontractor	Approximate amount of subcontracting costs <i>HK\$ million</i>	Approximate % of total subcontracting costs of our Group	Major services provided to our Group	Approximate years of business relationship
1	Subcontractor F <i>(note 6)</i>	Provision of electrical and mechanical installation	120.7	7.3	Electrical and mechanical installation	4
2	Subcontractor A <i>(note 1)</i>	Provision of maintenance services	105.0	6.4	Maintenance works	4
3	Subcontractor G <i>(note 7)</i>	Provision of maintenance services	85.8	5.2	Maintenance works	1
4	Subcontractor B <i>(note 2)</i>	Provision of maintenance services	83.4	5.1	Maintenance works	4
5	Subcontractor H <i>(note 8)</i>	Provision of maintenance services	80.8	4.9	Maintenance works	5
Five largest subcontractors combined			<u>475.7</u>	<u>28.9</u>		

### For the year ended 31 March 2016

Rank	Name of subcontractor	Background of the subcontractor	Approximate amount of subcontracting costs <i>HK\$ million</i>	Approximate % of total subcontracting costs of our Group	Major services provided to our Group	Approximate years of business relationship
1	Subcontractor C <i>(note 3)</i>	Production and installation of curtain wall	181.3	10.0	Curtain wall & cladding	5
2	Subcontractor I <i>(note 9)</i>	Provision of electrical and mechanical installation	168.3	9.3	Electrical and mechanical installation	1
3	Subcontractor J <i>(note 10)</i>	Provision of excavation & underground drainage services	102.2	5.7	Excavation & underground drainage	7
4	Subcontractor K <i>(note 11)</i>	Provision of formwork services	94.8	5.2	Formwork	7
5	Subcontractor F <i>(note 6)</i>	Provision of electrical and mechanical installation	88.0	4.9	Electrical and mechanical installation	4
Five largest subcontractors combined			<u>634.6</u>	<u>35.1</u>		

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### For the four months ended 31 July 2016

Rank	Name of subcontractor	Background of the subcontractor	Approximate amount of subcontracting costs <i>HK\$ million</i>	Approximate % of total subcontracting costs of our Group	Major services provided to our Group	Approximate years of business relationship
1	Subcontractor C <i>(note 3)</i>	Production and installation of curtain wall	36.1	11.0	Curtain wall & cladding	5
2	Subcontractor F <i>(note 6)</i>	Provision of electrical and mechanical installation	31.7	9.6	Electrical and mechanical installation	4
3	Subcontractor L <i>(note 12)</i>	Provision of formwork services	27.4	8.3	Formwork	1
4	Subcontractor B <i>(note 2)</i>	Provision of maintenance services	26.2	8.0	Maintenance works	4
5	Subcontractor M <i>(note 13)</i>	Provision of maintenance services	26.0	7.9	Maintenance works	7
Five largest subcontractors combined			<u>147.4</u>	<u>44.8</u>		

*Notes:*

- (1) Subcontractor A is a Hong Kong private company engaged in provision of maintenance services, wholly owned by the same Independent Third Party as Subcontractor B.
- (2) Subcontractor B is a Hong Kong private company engaged in provision of maintenance services, wholly owned by the same Independent Third Party as Subcontractor A.
- (3) Subcontractor C is a Hong Kong private company engaged in provision of installation of curtain wall services.
- (4) Subcontractor D is a Hong Kong private company engaged in provision of maintenance services.
- (5) Subcontractor E is a Hong Kong private company engaged in provision of electrical and mechanical installation services.
- (6) Subcontractor F is a Hong Kong private company engaged in provision of electrical and mechanical installation services.
- (7) Subcontractor G is a Hong Kong private company engaged in provision of maintenance services, wholly owned by the same Independent Third Party as Subcontractor M.
- (8) Subcontractor H is a Hong Kong private company engaged in provision of maintenance services.
- (9) Subcontractor I is a Hong Kong private company engaged in provision of electrical and mechanical installation services.
- (10) Subcontractor J is a Hong Kong private company engaged in provision of excavation and underground drainage services.
- (11) Subcontractor K is a Hong Kong private company engaged in provision of formwork services.

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- (12) Subcontractor L is a Hong Kong private company engaged in provision of formwork services.
- (13) Subcontractor M is a Hong Kong private company engaged in provision of maintenance services, wholly owned by the same Independent Third Party as Subcontractor G.

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 and all of which are Independent Third Parties.

### CREDIT MANAGEMENT

Before deciding whether to submit a tender, 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 project. In addition, our executive Director(s) also take into account the length of business relationship, reputation, financial strength and repayment history of each of our customers to monitor the payments. Regular meetings are held between our executive Directors, project management teams and finance department to review the aging status of our accounts receivable. Settlement is monitored by our management and finance department. In cases of overdue balances, our executive Director(s) and project managers will be alerted and appropriate follow-up actions such as telephone calls and reminder emails made will be taken.

Credit terms given to our customers are generally set out in the relevant contract. Generally, payment is received from customers within 60 days after we submitted the interim payment application. Our accounts receivable is normally settled by cheque or bank transfer in Hong Kong dollars. Further details on our contract receivables turnover days are set out in the section headed "Financial Information — Analysis of Various Items from the Combined Statements of Financial Position — Accounts receivable" in this prospectus. Our Directors determine specific provision for doubtful debts relating to accounts receivable on a case-by-case basis. 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 and hence our profits depend on our ability to meet our customers' requirements in all respects. We have established 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. Our quality manager is the management representative as required by ISO 9001. He identifies and provides solutions to problems relating to the quality system and initiates actions to prevent the occurrence of nonconformance to the same. He is also responsible for conducting verification activities and internal quality audits.



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We emphasise on quality control as we believe completing building construction and RMAA works that meet or exceed our customers' requirements is crucial for our good track record and future business opportunities. To ensure that our building construction and RMAA works meet the required standards, we normally assign at least one technical staff with relevant professional and/or academic qualifications on a full-time basis for each of the projects as the first line of monitoring of the quality of works done by our subcontractors by site inspection. Our project managers are responsible for monitoring overall work quality and project progress and ensuring that engineering works are completed according to schedule. As at the Latest Practicable Date, all of our project managers possess with relevant degree/diploma from university or education institute to fulfill the academic qualification to supervise building construction and RMAA works.

Furthermore, our project management teams frequently communicate with our executive Director(s) and our executive Director(s) closely monitors each of the projects' progress and discuss issues identified to ensure the construction 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 codes and regulations applicable to the construction works. Our customers also conduct their quality checks from time to time before making payment to us. During the Track Record Period, there was no material claim or complaint 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 designate the suppliers, we generally procure materials from our internal list of approved suppliers which we have had satisfactory past business relationships to ensure consistency of quality. Materials purchased from our approved suppliers would be checked by our technical staff before being put into use by our subcontractors' technicians. Any items with defects or which are inconsistent with the product specifications stated in the purchase orders would be 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 such laws and regulations. Our Directors believe that it is essential for us to be environmentally responsible and to meet our customers' demands for 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, which was accredited by ACIL with ISO 14001: 2004 certification, to promote environmental awareness and to prevent pollution of the environment resulting from our works. In general, the permitted hours of operation at any project site is from 7: 00 a.m. to 7: 00 p.m. Monday to Saturday. Works are not permitted on general public holidays unless the construction noise permit has been obtained from the Environmental Protection Department.

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During the Track Record Period, the aggregate annual cost of compliance with applicable environmental laws and regulations in Hong Kong was approximately HK\$6.1 million, HK\$4.5 million, HK\$8.8 million and HK\$2.7 million, respectively, and primarily consisted of transportation costs and dumping charges for wasted materials. During the Track Record Period and up to the Latest Practicable Date, our Group had no material non-compliance or violations on any laws and regulations in relation to environmental protection. During the Track Record Period and up to the Latest Practicable Date, we had not been prosecuted under the relevant applicable environmental laws and regulations.

### WORK SAFETY

We emphasise the health and safety of our employees and we are committed to providing a safe and healthy working environment for the benefit of our staff and our subcontractors. At the company level, we have adopted a safety manual to promote occupational health and safety at project sites and to ensure compliance with the applicable laws and regulations in Hong Kong.

For each project, we will prepare a project-specific safety plan. The safety plan is documented in writings and supplemented with instructions and graphs. We have qualified safety officers to monitor and implement the safety plan to ensure work safety of our staff and subcontractors' technicians. We will continue to devote adequate resources and effort to uphold and improve our safety management in order to reduce our risks related to safety issues. Our safety manual adopted and applied during the Track Record Period sets out work safety measures to prevent common accidents which could happen at project sites. We have also set up an occupational health and safety management system to promote safe working practices among all employees and to prevent the occurrence of accidents. As a result, our occupational health and safety management system has been certified compliance with OHSAS 18001: 2007 by ACIL.

A team of safety officers and safety supervisors are appointed for each project. They are responsible for (i) preparing and submitting investigation report of any occupational accident happened at project site to Labour Department; (ii) carrying out safety review and improving safety measures, if necessary, to prevent similar accidents in future; and (iii) implementing the safety training programme. Such accident investigation report contains information including (i) documentation of accident details; (ii) colour photos taken in respect of the accident scene; (iii) safety training record of the injured person; and (iv) employment contract of the injured person.

Our Directors confirmed that there were 24, 21, 24, 3 and 3 reported work injury accidents during the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 and the period from 1 August 2016 up to the Latest Practicable Date, respectively, and all of such accidents arose during the usual and ordinary course of our business and involved our employees or our subcontractors' employees. During the Track Record Period and up to the Latest Practicable Date, our Group had not encountered any fatal accident.

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As at the Latest Practicable Date, there were 21 and 21 ongoing employees' compensation claims and personal injury claims, respectively; and 29 and 50 potential employees' compensation claims and personal injury claims, respectively. Further details of such claims are disclosed in the sub-section headed "Litigation, Arbitration and Potential Claims" below.

The following table sets out the nature of reported work injury accidents which occurred during the Track Record Period and up to the Latest Practicable Date and the corresponding safety measures implemented by our Group to prevent the occurrence of similar accidents:

Nature of accidents	Number of accidents	Safety measures
Injured while lifting or carrying	9	We have provided training to employees in relation to safety precautions in moving/lifting/carrying machinery and objects.
Slipped and fell	26	We have improved site tidiness, installed proper warning signs and enhanced training and supervision to increase safety awareness of employees.
Fell from height	2	We have enhanced guarding of elevated working area and ensured the use of personal safety equipment.
Struck by objects	14	We have improved site tidiness and provided proper warning signs and traffic management. All employees are required to wear helmets at construction sites.
Contact with moving machinery or object being machined/operated	11	Employees are required to strictly follow relevant safety procedures for operating various types of machines. All employees on site will be provided with safety equipment such as helmets, gloves, ear masks, etc.

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Nature of accidents	Number of accidents	Safety measures
Others	13	We have provided pre-working training and briefing to our employees to enhance their safety awareness and prevent re-occurrence of accidents.

Having considered (i) the implementation of the above safety measures by our Group; (ii) the accident rate of our Group per 1,000 workers for the calendar years ended 31 December 2013, 2014 and 2015 and the 11 months ended 30 November 2016 are lower than the industry average in the corresponding periods as illustrated below; and (iii) none of the reported accidents has resulted in fatal injury, our Directors are of the view that our safety measures have been adequate and effective.

The following table sets out a comparison of the industrial accident rate per 1,000 workers and the industrial fatality rate per 1,000 workers in the construction industry in Hong Kong between our Group and the industry average during the periods indicated below:

	<b>Construction industry in Hong Kong</b> <i>(Note 1)</i>	<b>Our Group</b> <i>(Note 2)</i>
<b>From 1 January 2013 to 31 December 2013</b>		
• Industrial accident rate per 1,000 workers	40.8	15.3
• Industry fatality rate per 1,000 workers	0.277	Nil
<b>From 1 January 2014 to 31 December 2014</b>		
• Industrial accident rate per 1,000 workers	41.9	11.5
• Industry fatality rate per 1,000 workers	0.242	Nil
<b>From 1 January 2015 to 31 December 2015</b>		
• Industrial accident rate per 1,000 workers	39.1	10.8
• Industry fatality rate per 1,000 workers	0.200	Nil
<b>From 1 January 2016 and up to 30 November 2016</b>		
• Industrial accident rate per 1,000 workers	not available	4.3
• Industry fatality rate per 1,000 workers	not available	Nil

*Notes:*

- (1) The statistics are extracted from the Occupational Safety and Health Statistics Bulletin Issue No.16 (August 2016) published by Occupational Safety and Health Branch of the Labour Department of the Government.

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- (2) Our Group's accident rate and fatality rate are calculated with reference to the definition of accident rate under the Occupational Safety and Health Statistics Bulletin Issue No. 16 (August 2016) published by Occupational Safety and Health Branch of the Labour Department of the Government, which is the number of work injury accidents resulting in death or incapacity for work of over three days (i.e. 33 in 2013, 19 in 2014, 26 in 2015 and 7 from 1 January 2016 and up to 30 November 2016), divided by the number of daily average site workers during the relevant calendar year/period times 1,000. The number of site workers includes our and our subcontractors' employees.

The following table sets out our Group's lost time injuries frequency rates (LTIFRs) during the periods indicated below:

For the year ended 31 December 2013	5.77
For the year ended 31 December 2014	4.34
For the year ended 31 December 2015	4.07
From 1 January 2016 and up to 30 November 2016	1.78

*Notes:*

- (1) LTIFR is a frequency rate that shows how many lost time injuries (LTIs) occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFRs shown above are calculated by multiplying the number of lost time injuries of our Group happened during the relevant calendar year or period by 1,000,000 and then dividing by the number of hours worked by site workers over the same calendar year or period. It is assumed that the working hour of each worker is 9 hours per day. The number of working days for the three calendar years ended 31 December 2015 and from 1 January 2016 up to 30 November 2016 were approximately 294 days, 294 days, 294 days and 270 days, respectively.
- (2) Employees of our Group and our subcontractors are included in the LTIFRs shown above.
- (3) The LTIFRs were determined based on the internal records of our Group.

During the Track Record Period, our Group experienced a decrease of LTIFRs. Our Directors believe that such decrease was primarily a result of (i) our Group closely following the enhanced safety policies set out in our staff safety manual; (ii) our effort in providing regular training to our staff and our subcontractors' workers regarding workplace safety; and (iii) our communication with our customers regarding workplace safety issues and follow up actions taken in addressing such issues.

During the Track Record Period and up to the Latest Practicable Date, we had certain claims for employees' compensation and personal injuries arising from workplace accidents occurring in our projects. For further information, please refer to the section headed "Business — Litigation, Arbitration and Potential Claims" in this prospectus.

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### Awards and recognitions

The following table sets out the major awards and recognitions awarded to us up to the Latest Practicable Date:

Year(s) of award	Nature	Recipient	Award	Awarding organisation or authority
2016	Environmental	Able Engineering	Green Building Award 2016	The Hong Kong Green Building Council
2015	Quality	Able Engineering	ArchSD Annual Award 2015 – Special Architectural Award (Green Interior)	Architectural Services Department
2012, 2013, 2014	Innovation	Able Engineering	Housing Authority – New Works Projects: Outstanding Domestic Subcontractors – Innovative Use of BIM Technology	Housing Authority
2013	Quality	Able Engineering	The Hong Kong Institute of Architects – Medal of the Year of Hong Kong	The Hong Kong Institute of Architects
2013	Quality	Able Engineering	The Hong Kong Institute of Architects – Merit Award of Hong Kong	The Hong Kong Institute of Architects
2012	Environmental	Able Engineering	Green Building Award	Hong Kong Green Building Council Limited
2012	Quality	Able Engineering	Quality Building Award 2012 – Certificate of Merit (Hong Kong Non-Residential (New Building) Category)	Quality Building Award Organising Committee

### INSURANCE

In general, pursuant to the contracts entered into between our customers and our Group and confirmed by our Directors as a standard and common industry practice, our Group will be responsible for employees' compensation insurance and contractor's all risks and third party liability insurance for the projects in the capacity as a main contractor. The coverage of such insurance policies includes works performed by our Group and our subcontractors (including all additional tiers of subcontractors). We are also required to maintain basic insurance for our employees who work at our office as required by relevant laws and regulations of Hong Kong. It is therefore confirmed by our Directors, projects undertaken by us and the relevant employees are respectively protected by the insurance maintained by our Group in general, the terms of which depend on the relevant contracts. We normally take out separate insurance policies in relation to each project in relation to our role as the main contractor.

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We consider the aforesaid insurance coverage sufficient for our liabilities 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

Our Directors are of the view that the market of the Hong Kong building construction and RMAA industry is competitive and fragmented because, according to the CH Report, (i) the revenue of the five largest players accounted for approximately 21.2% of the total revenue of the whole building construction and RMAA industry in 2015 and the fifth largest player only captured around 1.5% market share; and (ii) according to the list of Register of General Building Contractors from the Buildings Department of Hong Kong, there were 709 registered general building contractors in Hong Kong as at the Latest Practicable Date, while the services and products provided by contractors are considered to be rather homogeneous.

According to the CH Report, there are entry barriers of the building construction and RMAA industry in Hong Kong which hinder new players from entering into the industry. Such entry barriers include (i) credible track record built over years of projects; (ii) relationship with subcontractors; and (iii) attainment of required registrations under different authorities for different types of works, details of which are described in the section headed “Industry Overview — Competitive Landscape of the Building Construction and RMAA Industry in Hong Kong — Entry Barriers” 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 building construction and RMAA industry in Hong Kong. Our competitive strengths include the following:

- long-term history with a proven track record developed in the building construction and RMAA industry;
- well positioned to capture potential growth in public housing and hospitals development;
- stringent quality control and commitment to high safety standard and environmental management;
- long-term relationships with some of our major customers;
- our extensive network with our major suppliers and subcontractors; and
- experienced management and professional project management teams.

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

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### INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, our Group owned three registered trademarks and one domain name in Hong Kong. Details of our Group's intellectual property rights are set out in the section headed "Statutory and General Information — B. Further Information about the Business — 2. Intellectual property rights" in Appendix IV to this prospectus.

As at the Latest Practicable Date, we were not aware of any material infringement of our intellectual property rights and our Directors believe that we have taken all reasonable measures to prevent any infringement of our own intellectual property rights. As at the Latest Practicable Date, we were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the infringement of any intellectual property rights of third parties.

### EMPLOYEES

As at the Latest Practicable Date, we had 342 employees who were directly employed by our Group in Hong Kong. A breakdown of our employees by function is set forth below:

	<b>As at the Latest Practicable Date</b>
Directors	6
Senior management	6
Procurement department	4
Project management department	148
Technical department	43
Quality control department	50
Safety, health and environmental related department	24
Human resources and administration departments	58
Finance and account department	3
	<hr/>
Total	<b>342</b>



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Our Directors consider that the relationship and cooperation between our management and employees have been good and is expected to remain amicable in the future. There has not been any incidence of work stoppage during the Track Record Period, 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 rules and regulations and the requirements of their job before they start work. They are also subject to a three-month probation period. At the end of the probationary period, they will become full-time employees if their respective supervisors are satisfied with their performance during the probationary period.

We also emphasize on the continuing education and quality training of our staff and developing their management and decision-making abilities to enhance their work performance. We will provide training programmes to our relevant employees to assist them in acquiring advanced knowledge and skills in respect of occupational safety and quality control. Our Group had been awarded with HKIE Engineering Graduate Training Scheme "A" – Building Services Engineering and Building Engineering disciplines certification since 2009 and 1999, respectively. We consider that our training programme is not only used as a platform to constantly upgrade the skills of our employees, it is 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 annual bonus, salary adjustments, and promotion appraisals. We intend to remain competitive in the labour market of the building construction and RMAA industries with our remuneration packages.

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### PROPERTIES

As at the Latest Practicable Date, we did not own any property and we leased the head office and principal place of business from a wholly-owned subsidiary of Vantage, one of our Controlling Shareholders. Details of the leased property are set out in the table below:

Location of property	Approximate gross floor area occupied (square feet)	Usage	Rent	Duration
An identified portion of No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong	8,593	Office	HK\$220,000 (exclusive of government rates, utility and other property related miscellaneous expenses)	1 June 2016 to 31 May 2019

For particulars of the tenancy agreement in relation to the above leased property, please refer to the section headed “Connected Transactions” in this prospectus.

### INTERNAL CONTROL

Our internal control system covers our major business aspects such as revenue and receipt, project cost management, human resources and payroll, fixed assets, treasury and cash management, financial statements preparation and information technology. Our internal control measures mainly include controls over segregation of duties, approvals and authorisations, accounting systems, assets, budgets and performance evaluation of our suppliers and subcontractors, which are supervised by our financial controller and/or project managers. Our financial controller and the management team including executive Directors are responsible for identifying risks and internal control deficiencies, evaluating our internal control system from time to time and implementing additional control measures, if necessary, to improve our internal control system. Further details of our risk management are set out in the section headed “Business — Risk Management” in this prospectus. Results of our internal assessments, internal surveys, and routine inspections would be reported our Directors, which is responsible for reviewing our financial information and supervising our financial reporting system and internal controls procedures.

In addition, it is the responsibility of our Board to ensure that we maintain a sound and effective internal control and corporate governance system to safeguard our Shareholders’ interest and our Group’s assets at all times. To this end, we have adopted a series of corporate governance measures which are set out in the section headed “Business — Corporate Governance Measures” in this prospectus.

## **RISK MANAGEMENT**

Our Directors confirmed that during the ordinary course of our business, we are primarily exposed to (i) control risks relating to our overall monitoring system; (ii) regulatory risks in relation to our business; (iii) operational risk; (iv) credit risks relating to accounts receivable; and (v) market risks relating to changes in macroeconomic environment.

The following sets out the key risks for our business and the mitigating internal control procedures thereof:

### **Risk control**

To control certain risks relating to overall monitoring system, including inappropriate and inconsistent practices, failure to detect unethical behaviors, wrong doings or potential frauds and unauthorised access to confidential information, our Group has endorsed staff handbook and Company policies which require all Directors and employees of our Group to follow. For instance, our Group has implemented various internal control measures including (i) established steps in preparing material submission of subcontractors; (ii) inspection of major material upon delivery on site involving site staff and quality surveyors; (iii) surprise check on minor works site by project staff; (iv) inspection of works performed by site staff; and (v) joint-inspection with customers and site staff.

### **Regulatory risk management**

Upon Listing, our Group may be exposed to the risks of non-compliance with the Listing Rules. Our chief executive officer and executive Director, Mr. Ip Yik Nam, will be responsible for overseeing our Group's compliance issues. We will update the context of Company policies from time to time. We have appointed Ample Capital Limited as Compliance Adviser to advise us on compliance issues. All Directors and employees shall keep refreshing their understanding of staff handbook and Company policies.

### **Operational risk management**

Our project managers are responsible for maintaining the operation and assessing the operational risks of their respective projects. They are responsible for implementing our internal policies and procedures. Our project managers visit the project sites from time to time, and our project managers will report irregularities in connection with the operation of the projects to the executive Directors. Our Group emphasises on ethical value and prevention of fraud and bribery. We have established a whistle-blower program, which will allow and facilitate communication among departments and business units to report any irregularities.

### **Credit risk management**

Our Group is exposed to credit risk which may cause financial loss to our Group if our counterparties failed to discharge an obligation. In order to minimise the credit risk, most of our customers are required to settle payment within seven days after receiving the interim payments from their customers. The payment terms must be approved by our Directors. Besides, on a monthly basis, a payment report summarising project income and expenses are reviewed by our Directors. Such process is included as the remediation measures for addressing credit risks in our Group's risk register. Before deciding whether to submit a quotation, our Group will consider factors such as creditworthiness of the relevant customers and the contract terms.

In addition, our executive Directors also take into account the length of business relationship, past reputation, financial strength and repayment history of each of our customers for monitoring the payments. Settlements are monitored by our project managers and our finance department. For overdue balances, our executive Directors and project managers will be alerted and appropriate follow-up action will be taken. When the accounts receivable balances remain unsettled after the agreed credit terms, they will be classified as overdue. For the years ended 31 March 2014, 2015 and 2016, our Group did not make any provision for doubtful debts relating to accounts receivable.

### **Market risk management**

Our Group is exposed to general market risks related to changes in the macroeconomic environment and movements in market variables such as GDP, interest rates, property price in Hong Kong, and other market changes. Our executive Directors are responsible for identifying and assessing potential market risks and from time to time formulating policies to mitigate these market risks.

## **CORPORATE GOVERNANCE MEASURES**

We recognise the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency, and accountability, earning the confidence of shareholders and the public. To comply with the requirements of the Listing Rules, in particular, the code provisions contained in the corporate governance code as set out in Appendix 14 (the "Code") of the Listing Rules, we have adopted the following measures as at the Latest Practicable Date:

- (i) we have established the audit committee, remuneration committee, and nomination committee with respective written terms of reference in accordance with the code provisions contained in the Code. The section headed "Directors, Senior Management and Staff — Board Committees" in this prospectus sets out further information;
- (ii) our Board has adopted the terms of reference concerning corporate governance and a shareholders' communication policy in accordance with the code provisions of the Code;

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- (iii) we will arrange appropriate insurance cover on our Directors' liabilities in respect of legal actions against our Directors arising out of corporate activities before the Listing;
- (iv) we have appointed three independent non-executive Directors representing one-third of the Board and at least one of them has accounting expertise;
- (v) the chairman of our Board is Mr. Ngai whereas the chief executive officer of our Company is Mr. Ip Yik Nam. The roles of the chairperson and the chief executive will be separate and distinct;
- (vi) our Directors will operate in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested;
- (vii) pursuant to the Code, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our cost;
- (viii) our Company will adopt a comprehensive Company policies covering legal and regulatory compliance with reference to the Code;
- (ix) our Company will consider engaging an independent internal control consultant to perform regular review on corporate governance to ensure on-going compliance after Listing, if necessary; and
- (x) our Directors will attend professional development seminar including the corporate governance to ensure on-going compliance after Listing.

### LITIGATION, ARBITRATION AND POTENTIAL CLAIMS

Save as disclosed below, our Directors confirm that no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance was known to our Directors to be pending or threatened against any member of our Group during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, our Group had been involved in a number of claims, litigations, pending or threatened claims against our Group. The claims against our Group typically relate to (i) employees' compensation claims; (ii) personal injury claims; (iii) contractual disputes; and (iv) industrial safety charges.

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Set out below are the details of (i) the on-going litigations against our Group as at the Latest Practicable Date; (ii) the potential litigations against our Group as at the Latest Practicable Date; (iii) the material litigations (the settled amounts were HK\$100,000 or above) against our Group settled (whether by way of court judgment or settlement) during the Track Record Period and up to the Latest Practicable Date; and (iv) our criminal convictions during the Track Record Period and up to the Latest Practicable Date. Our Directors are of the view that occurrence of employees' compensation claims, personal injury claims and contractual claims is not uncommon in our industry.

### On-going litigations against our Group as at the Latest Practicable Date

Particulars of claims	Plaintiff(s)/ Applicant(s)/ Claimant(s)	Defendant(s)/ Respondent(s)	Approximate total amount involved	Status	Insurance coverage
<b>(a) Employees' compensation claims and personal injury claims</b>					
27 accidents resulting in 21 outstanding employees' compensation claims and 21 outstanding personal injury claims ( <i>Note</i> )	Employees of our subcontractors	Our Group was joined as a defendant in the capacity as a main contractor in all outstanding employees' compensation claims and personal injury claims	All the outstanding employees' compensation claims and personal injury claims are being dealt with and handled by the insurers. As at the Latest Practicable Date, based on the information provided by the insurers, only damages for 4 employees' compensation claim and 2 personal injury claim could be ascertained, with aggregate damages claimed by the plaintiff estimated to be approximately HK\$5,286,375. Save for the foregoing, we are not in a position to assess the likely quantum of the other outstanding employees' compensation claims and personal injury claims which will be matters to be decided by the relevant courts.	Remained outstanding as at the Latest Practicable Date	Fully covered by the insurance taken out by our Group or our subcontractors

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Particulars of claims	Plaintiff(s)/ Applicant(s)/ Claimant(s)	Defendant(s)/ Respondent(s)	Approximate total amount involved	Status	Insurance coverage
<b>(b) Contractual claims</b>					
<p>Able Engineering was the main contractor for a construction project and it sub-contracted drywall partition work to Able Contractors. Able Contractors, in turn, sub-contracted the said work to an Independent Third Party, which further sub-contracted the work to May's Asia Limited. May's Asia Limited was not paid by the Independent Third Party and it initiated proceedings against Able Engineering and Able Contractors, who had neither entered into any contractual arrangement with May's Asia Limited</p>	<p>May's Asia Limited</p>	<p>Able Engineering and Able Contractors</p>	<p>HK\$10 million</p>	<p>Inactive as no further action has been taken by May's Asia Limited since 2009</p>	<p>Not applicable</p>
<p>Dispute on provision of services rendered to Able Engineering</p>	<p>Jardine Engineering Corporation Limited</p>	<p>Able Engineering</p>	<p>HK\$1 million</p>	<p>Inactive as no further action has been taken by Jardine Engineering Corporation Limited since 2004</p>	<p>Not applicable</p>

*Note:* The bodily injuries suffered by the employees of our subcontractors as a result of the 27 accidents arose during their course of employment.

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### Potential litigations against our Group as at the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, our Group recorded 75 work injury accidents which may give rise to potential employees' compensation and/or personal injury claims.

Potential claims refer to those accidents for which no claims have been commenced against our Group but are within the limitation period of two years (for employees' compensation claims) or three years (for personal injury claims) from the dates of the relevant accidents pursuant to the Limitation Ordinance (Chapter 347 of the Laws of Hong Kong). These accidents occurred during the usual and ordinary course of our business and have not caused any material disruption to our Group's business. Since no court proceedings have commenced, we are not in a position to assess the likely quantum of such potential claims should they be initiated against our Group. Our Directors are of the view that the amount in respect of such potential claims to be borne by our Group in the proceedings shall be covered by our relevant insurance policies and to the extent that such amount is not covered by the relevant insurance policies, it will be indemnified by Vantage, our Controlling Shareholder, pursuant to the Deed of Indemnity. Details of the Deed of Indemnity are set out in the section headed "Statutory and General Information — D. Other Information — 2. Tax and other indemnities" in Appendix IV to this prospectus. Accordingly, the aforementioned potential claims would not result in any material impact on the financial position or results and operations of our Group.

The table below summarises the expiry of limitation period of the aforesaid work injury accidents which occurred during the Track Record Period and up to the Latest Practicable Date:

Year	Number of employees' compensation claims which limitation period will expire	Number of personal injury claims which limitation period will expire
2017	21	17
2018	8	25
2019	—	8
Total	<u>29</u>	<u>50</u>



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### Material litigations against our Group settled during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, we had settled (whether by way of court judgment or settlement) a number of claims (being claims which had had settled at amounts of HK\$100,000 or above), details of which are summarised in the table below.

Category of claims	Number of claims	Nature/reason of claims	Approximate total amount settled (HK\$)
Employees' compensation claims and personal injury claims (Note 1)	34 (Note 2)	All 34 employees' compensation claims and personal injury claims were sustained by our employees or employees of our subcontractors during the usual and ordinary course of our business (with our Group being joined as a defendant in the capacity as a main contractor)	15,860,330.41 (Note 2)
Contractual dispute	1	Able Contractors and Excel Engineering Company Limited ("Excel Engineering") (the defendants) were alleged by European Gondola Systems Co. Ltd. ("EGS") (the plaintiff) for failure to settle the outstanding payment in the sum of HK\$8,527,770 for the services, namely, the design, supply and installation of certain building maintenance systems in a residential development in Tsuen Wan, rendered by EGS to Able Contractors and Excel Engineering. A settlement was entered into by the said parties on 19 March 2014 under which Able Contractors paid EGS an aggregate sum of HK\$8,527,770.	8,527,770.00

*Notes:*

- (1) Our Directors confirm that our Group's entire conduct of its defence against such claims and settlement negotiations in the proceedings have been taken up by the relevant insurer and the amount of settlement and litigation costs were totally covered by the relevant insurance policy.
- (2) The number of claims settled and the approximate settlement amount for such claims are based on the information provided by the insurers to our Group as at the Latest Practicable Date. The settlement amount settled both employees' compensation and personal injury claims raised by the claimant.

### **No provision for on-going litigation claims**

For the on-going litigations in relation to employees' compensation claims and personal injury claims, having considered, amongst other things, (i) the nature and the degree of injuries of the relevant incidents; (ii) the status of the injured employees; (iii) the coverage of insurance maintained by us; and (iv) the indemnity given by Vantage as mentioned below, our Directors consider that the ultimate liability under these claims would not have a material adverse impact on the financial position or results of our Group and no provision for contingent liabilities in respect of the on-going litigations would be necessary.

### **Indemnity given by Vantage**

Vantage has entered into the Deed of Indemnity whereby it has agreed, subject to the terms and conditions of the Deed of Indemnity, to indemnify our Group in respect of, among other matters, all losses and liabilities arising from any litigations against our Group. Further details of the Deed of Indemnity are set out in the section headed "Statutory and General Information — D. Other Information — 2. Tax and other indemnities" in Appendix IV to this prospectus.

### **Criminal conviction**

During the Track Record Period and up to the Latest Practicable Date, our Group was convicted of 19 criminal charges in relation to non-compliances with certain health-related and industrial safety laws and regulations, which include, among others, the failure of our Group to (i) take adequate steps to prevent a person from falling; (ii) prevent mosquito breeding; (iii) ensure security of loads and slings when in use; (iv) ensure safe access to and egress from place of work; and (v) ensure workmen were equipped with helmets and eye protectors. Among the 19 criminal convictions, five of such convictions arose from non-compliances committed before the Track Record Period while 14 of such convictions arose from non-compliances committed during the Track Record Period and up to the Latest Practicable Date. The criminal convictions all involved monetary penalties and were made against our Group only. Our Group was fined in total of HK\$200,300 for the aforesaid criminal convictions, which has been fully settled by our Group without any insurance coverage. Our Directors are of the view that the amount of fines which our Group was subject to as a result of the aforementioned breaches of the healthy-related and industrial safety laws and regulations was not material to our Group.

### **Enhanced internal control measures**

As aforementioned, the litigations and claims against our Group typically relate to (i) contractual disputes; (ii) safety charges and claims; and (iii) public health related charges. Our Group has implemented enhanced internal control measures to reduce future occurrences of such litigations and claims.

## BUSINESS

In respect of our Group's contractual disputes, they may arise from disagreements with our Group's subcontractors on the fees payable for services rendered or the suppliers on the costs of materials delivered under the variation orders. Historically, our Directors confirm that, upon receipt of a variation order from a customer, we would normally instruct our subcontractors to carry out the variation work or suppliers to supply the materials required under the variation order without having confirmed in writing with such subcontractors or suppliers the fees or costs payable by our Group prior to the commencement of such services or delivery of materials. Accordingly, our Group was exposed to the risk of having disagreements with our subcontractors or suppliers subsequently for the fees or costs payable by us. In 2016, our Group has formulated guidelines requiring our quantity surveyors to negotiate and agree with our subcontractors for the fees payable in respect of their variation work and suppliers for the costs payable for the supply of materials under the variation order before such subcontractors and suppliers proceed to carry out their respective tasks. Our Directors believe that such arrangement would significantly reduce the chance of disputes with our Group's subcontractors and suppliers as aforementioned. Indeed, since the implementation of the said arrangement in 2016 and up to the Latest Practicable Date, no contractual claim has been made against our Group by our subcontractors or suppliers.

In respect of safety charges and claims, our Group has been mindful of the importance of the safety of our and our subcontractors' staff at the work sites. Historically, our Group relied predominantly on our qualified safety officers to monitor and implement the safety plans to ensure work safety of our and our subcontractors' staff. In 2016, our Group implemented a number of enhanced safety measures aiming to develop a top down safety culture such that workers at the work sites are aware of the importance of work safety. In particular, site workers such as engineer, foremen, quantity surveyor, project coordinator and construction manager, are required by our Group to attend safety supervision trainings to increase his or her safety awareness. Moreover, in respect of certain kind of works injury accidents which are common in the construction industry, our Group has implemented specific enhanced safety measures to prevent the occurrence of such accidents. Please refer to the section headed "Business — Work Safety" above for details of such enhanced safety measures. Upon the implementation of the said enhanced safety measures, our Group's industrial accident rate per 1,000 workers has dropped significantly from 10.8 for year ended 31 December 2015 to 4.3 for the 11 months ended 30 November 2016.

In respect of public health related charges against our Group including those pertain to the presence of larvae of mosquito found at our Group's work sites. Our Directors believe that the untidiness of work site is a primary cause of the presence of larvae of mosquito. Accordingly, in 2016, our Group has required our subcontractors to pay greater attention to the cleanliness of the work sites. In particular, our Group has included a standard clause in our subcontractors' contracts requiring them to remove and dispose of waste materials at a designated point at the work site and to sort waste materials into different categories of wastes to increase work site cleanliness. Since the implementation of the said enhanced measure and up to the Latest Practicable Date, no public health related charges has been made against our Group by the relevant authorities.

Our Directors consider, and Sponsor concurs that, having considered the foregoing, our Group's enhanced internal control measures are adequate and effective.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

### DIRECTORS

Our Board consists of nine Directors, comprising six executive Directors and three independent non-executive Directors. The following table sets forth certain information regarding our Directors.

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position in our Company	Roles and responsibilities	Relationship amongst Directors and senior management
Mr. Ngai Chun Hung (魏振雄)	54	2 February 1996	11 July 2016	Chairman and executive Director	Management of our Board and strategic planning of our Group	Brother-in-law of Mr. Yau Kwok Fai
Mr. Ip Yik Nam (葉亦楠)	37	25 April 2016	6 September 2016	Chief executive officer and executive Director	In charge of business development, legal and compliance and corporate governance affairs of our Group	Not applicable
Mr. Yau Kwok Fai (游國輝)	50	2 February 1996	11 July 2016	Executive Director	Formulating policies and overall development of our Group	Brother-in-law of Mr. Ngai Chun Hung
Mr. Yam Kui Hung (任鉅鴻)	58	2 February 1996	6 September 2016	Executive Director	In charge of quality assessment and project risk management	Not applicable
Mr. Lau Chi Fai Daniel (劉志輝)	48	1 November 2005	6 September 2016	Executive Director	In charge of building project management and contract administration work of our Group	Not applicable
Mr. Cheung Ho Yuen (張浩源)	45	24 September 2003	6 September 2016	Executive Director	In charge of project estimation, project sub-contracting and procurement management of our Group	Not applicable
Dr. Li Yok Sheung (李毓湘)	63	18 January 2017	18 January 2017	Independent non-executive Director	Supervising and providing independent advice to our Board	Not applicable
Ms. Mak Suk Hing (麥淑卿)	64	18 January 2017	18 January 2017	Independent non-executive Director	Supervising and providing independent advice to our Board	Not applicable
Ms. Leung Yuen Shan Maisy (梁婉珊)	45	18 January 2017	18 January 2017	Independent non-executive Director	Supervising and providing independent advice to our Board	Not applicable

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

### Executive Directors

**Mr. Ngai Chun Hung (魏振雄)**, aged 54, was appointed as our Director on 11 July 2016 and was re-designated as our chairman and executive Director on 6 September 2016. He is also a director of every subsidiary of our Group. Mr. Ngai is in charge of the management of our Board and strategic planning of our Group.

Mr. Ngai has over 20 years of experience in the construction industry and about 12 years of experience in the property industry. Mr. Ngai has been a director of Able Engineering since February 1996 and the executive director and chairman of Vantage (the shares of which has been listed on the Stock Exchange since September 2000) since July 2000. He is also the chairman of the nomination committee of Vantage. Mr. Ngai will remain as the chairman and executive director of Vantage after the Listing.

Mr. Ngai is one of our Controlling Shareholders. Mr. Ngai and Mr. Yau are brothers-in-law.

**Mr. Ip Yik Nam (葉亦楠)**, aged 37, was appointed as our chief executive officer and executive Director on 6 September 2016. He is also a director of Able Engineering, Able Contracting and Able Maintenance. He is primarily responsible for business development, legal and compliance, and corporate governance affairs of our Group.

Mr. Ip has over 12 years of management experience through assuming various management roles in companies in the United States and Hong Kong. He graduated from Hong Kong Baptist University with a bachelor of business administration degree in human resources management in December 2002. He further obtained a master of business administration degree from Long Island University of the United States in May 2004 and a bachelor of laws degree from University of London through distance learning in August 2011.

From May 2004 to March 2007, Mr. Ip was the general manager of an architectural metal and curtain wall solution provider in the United States and, thereafter, he served as the sales and marketing manager of a title abstract and insurance company in the United States. From December 2008 to April 2016, Mr. Ip was the managing director of an architectural metal company in the United States and Hong Kong. Mr. Ip joined Able Engineering as a director on 25 April 2016.

Mr. Ip is the son of The Hon. Ip Kwok Him, one of the independent non-executive directors of Vantage.

**Mr. Yau Kwok Fai (游國輝)**, aged 50, was appointed as our Director on 11 July 2016 and was re-designated as our executive Director on 6 September 2016. He is also a director of every subsidiary of our Group. Mr. Yau is primarily responsible for formulating policies and overall development of our Group.

Mr. Yau has over 25 years of experience in the construction industry and 12 years of experience in the property industry. He obtained a bachelor of engineering degree in civil engineering (first class honours) from the Hong Kong Polytechnic in November 1990; a

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

diploma from the Imperial College London, the United Kingdom (“UK”) in July 1991 and a master of science degree with distinction in structural steel design from University of London, UK in August 1991. Mr. Yau is a chartered engineer and an incorporated member of the Institution of Civil Engineers, the Institution of Structural Engineers of the UK and the Hong Kong Institution of Engineers. He is also a registered professional engineer (civil & structural) and a registered structural engineer under the Buildings Ordinance.

Mr. Yau worked at an engineering consulting firm in Hong Kong for about six years prior to joining Able Engineering as a director. He has been the deputy chairman and executive director of Vantage since July 2000 and the chief executive officer of Vantage since July 2004. He is also a member of the remuneration committee of Vantage. Mr. Yau will remain as the deputy chairman, executive director and chief executive officer of Vantage upon Listing. He is responsible for formulating policy, overall development and daily management and administration of Vantage Group’s operations.

From November 2013 to August 2015, Mr. Yau was the non-executive director and the chairman of Excel Development (Holdings) Limited, a company which shares are listed on the Main Board of the Stock Exchange (stock code: 1372).

Mr. Yau and Mr. Ngai are brothers-in-law.

**Mr. Yam Kui Hung (任鉅鴻)**, aged 58, was appointed as our executive Director on 6 September 2016. He is also a director of Able Engineering. Mr. Yam is primarily responsible for quality assessment and project risk management of our Group.

Mr. Yam has over 23 years of experience in the construction field. He obtained a higher certificate in building studies from the Hong Kong Polytechnic in November 1982 and a postgraduate diploma in construction management from the Construction Industry Training Authority in Hong Kong in October 1989. He is a corporate member of the Hong Kong Institution of Engineers.

Mr. Yam joined Able Engineering as a director in February 1996, and since then, he has been responsible for management and operations of building projects of our Group which encompasses, among others, quality assessment and project risk management affairs.

Prior to joining Able Engineering, Mr. Yam was the director of Great Hero Construction Company Limited (“**Great Hero Construction**”), a company incorporated in Hong Kong which principally engaged in building construction and maintenance works from 1993 and up to the time of its dissolution. Great Hero Construction was dissolved by striking off pursuant to section 291 of the Predecessor Companies Ordinance on 4 January 2008. Mr. Yam confirmed that Great Hero Construction was solvent at the time of its dissolution and so far as he was aware, no claim has been or will be made against him as a result of such dissolution.

**Mr. Lau Chi Fai Daniel (劉志輝)**, aged 48, was appointed as our executive Director on 6 September 2016. He is also a director of Able Engineering, Able Contractors, Able Contracting and Able Building. He is in charge of building project management and contract administration work of our Group.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Lau has over 15 years of experience in the construction field. He obtained a bachelor degree in construction management from South Bank University of the UK in July 1993 and a higher diploma in building technology and management from the Hong Kong Polytechnic in November 1991. He is a member of the Hong Kong Institute of Construction Managers.

Mr. Lau has worked at a construction firm in Hong Kong as a site agent prior to joining Able Engineering as a site agent in 2005. He was promoted to the role of project manager on 1 January 2007. Since then, he has been responsible for building project management and contract administration work of our Group.

**Mr. Cheung Ho Yuen (張浩源)**, aged 45, was appointed as our executive Director on 6 September 2016. He is also a director of Able Engineering, Able Contractors, Able Building and Able Maintenance. Mr. Cheung is primarily responsible for project estimation, project sub-contracting and procurement management of our Group.

Mr. Cheung has over 20 years of experience in the construction industry. He obtained a bachelor degree in quantity surveying from University of Greenwich of the UK in July 1998 and a higher diploma in building surveying from City University of Hong Kong in November 1995.

Mr. Cheung worked at a construction firm in Hong Kong as a quantity surveyor from 2001 to 2003 prior to joining Able Engineering as a quantity surveyor in 2003. He was promoted to the position of project estimation and procurement manager on 1 January 2007. Since then, he has been responsible for project estimation and procurement affairs of our Group.

### **Independent Non-executive Directors**

**Dr. Li Yok Sheung (李毓湘)**, aged 63, was appointed as our independent non-executive Director on 18 January 2017. He is mainly responsible for supervising and providing independent advice to our Board.

Dr. Li has over 30 years of experience in civil engineering and education. He graduated from the University of Hong Kong with a bachelor of science degree in engineering in November 1975 and a doctor of philosophy degree in November 1980. Dr. Li joined the Hong Kong Polytechnic as lecturer in September 1984 and was appointed as the chair professor of coastal and environmental engineering in January 2000. From July 2000 to July 2007, he also served as the head of the department of civil and structural engineering (renamed as department of civil and environmental engineering in 2012) of the Hong Kong Polytechnic University. Dr. Li retired from the position of chair professor in June 2013 and has been an advisor to the head of department of civil and environmental engineering since September 2013.

Dr. Li is a registered professional engineer. He is also a fellow of the Hong Kong Institution of Engineers (the "HKIE") since September 1997. Dr. Li served on the publications committee of the HKIE between 2002 and 2008 and was the chairman of such committee from 2005 to 2008. He was a member of the structural engineers registration

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

committee panel under the Buildings Department in 2004 and 2005. He was appointed as an independent reviewer by the then Territory Development Department for the Central Reclamation Phase III Project in 2003.

**Ms. Mak Suk Hing (麥淑卿)**, aged 64, was appointed as our independent non-executive Director on 18 January 2017. She is mainly responsible for supervising and providing independent advice to our Board.

Ms. Mak has over 35 years of experience in education. She graduated from the Chinese University of Hong Kong with a bachelor of science degree in October 1975 and a diploma in education in December 1980. From 1975 to 1997, Ms. Mak served as the assistant education officer, education officer and senior education officer for Education Bureau. She was the principal of Tai Po Government Secondary School from 1997 to 2000 and the principal of South Tuen Mun Government Secondary School from 2000 to 2008. She was a committee member of the School Management Committee of the Clementi Secondary School from 2011 to 2013. She was also a member of the Executive Committee of Rural Training College Alumni Association Limited from 2013 to 2015.

Ms. Mak is currently the assessor for Needs Analysis for Aspiring Principals Programme in the Chinese University of Hong Kong. She is also a member of New Territories East Region of the Scout Association of Hong Kong.

Ms. Mak was the independent non-executive director of Excel Development (Holdings) Limited, a company which shares are listed on the Main Board of the Stock Exchange (stock code: 1372) from November 2013 to August 2015.

**Ms. Leung Yuen Shan Maisy (梁婉珊)**, aged 45, was appointed as our independent non-executive Director on 18 January 2017. She is mainly responsible for supervising and providing independent advice to our Board.

Ms. Leung has over 18 years of experience in accounting and finance and substantial experience in managerial roles. She had worked in Deloitte Touche Tohmatsu for over 11 years with extensive experience in auditing, corporate finance, and corporate reorganisation. Ms. Leung was then employed by a private broadcasting company as the vice president of finance in charge of its financial activities and a multinational artist management company as the strategic development general manager responsible for its corporate strategic plans and policies from 2009 to 2012.

Ms. Leung obtained a bachelor of business administration degree (majoring in accounting and finance) from Simon Fraser University, Canada in May 1995 and a master business administration degree in business management (majoring in international management) from University of London, UK in November 1997.

*Disclosure of relationships and as required pursuant to Rule 13.51(2) of the Listing Rules*

Save as the interests of Mr. Ngai in the Shares which are disclosed in the section headed "Statutory and General Information — C. Further Information about Substantial



## DIRECTORS, SENIOR MANAGEMENT AND STAFF

Shareholders, Directors and Experts — 1. Disclosure of interests” in Appendix IV to this prospectus, each of our Directors has no interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, none of our Directors has been a director of any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this prospectus.

Save as disclosed above, none of our Directors and members of our senior management is personally related to any of our Directors, senior management or substantial shareholders of our Company.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no information relating to our Directors that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

### SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position in our Group	Roles and responsibilities
Mr. Ng Kai Chow (吳啟洲)	48	21 October 2002	1 January 2010	Project manager	Provision of building project management and contract administration works
Mr. Ho Chi Ming Wilson (何志明)	54	1 November 2002	1 January 2010	Project manager	Provision of building project management and contract administration works
Mr. Cheung Pak Lun (張柏倫)	37	16 September 2002	1 January 2014	Project manager	Provision of building project management and contract administration works
Mr. Fung Siu Hang (馮少恒)	39	15 May 2007	1 January 2015	Quantity surveying manager	Provision of quantity surveying services

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position in our Group	Roles and responsibilities
Mr. Wong Chun Man (王俊文)	43	2 July 2010	1 July 2015	Quantity surveying manager	Provision of quantity surveying services
Mr. Lee Chi Fai (李智輝)	31	17 May 2016	6 September 2016	Financial controller and company secretary	Overseeing financial matters and company secretarial affairs

**Mr. Ng Kai Chow (吳啟洲)**, aged 48, joined Able Engineering on 21 October 2002 as a site agent and was promoted to the position of project manager on 1 January 2010. He is mainly responsible for provision of building project management and contract administration works of certain contracts.

Mr. Ng has over 14 years of experience in the construction industry. He obtained a postgraduate diploma in construction law and arbitration in October 2005 from the University of Hong Kong School of Professional and Continuing Education and a diploma in construction from the College of Estate Management of the UK in August 2001.

**Mr. Ho Chi Ming Wilson (何志明)**, aged 54, joined Able Engineering on 1 November 2002 as a site agent and was promoted to the position of project manager on 1 January 2010. He is mainly responsible for provision of building project management and contract administration works of certain contracts.

Mr. Ho has over 32 years of experience in the construction industry, in particular, extensive project management experience in residential and commercial developments. He obtained a bachelor degree of applied science in construction management and economics from Curtin University of Technology, Australia through distance learning in September 2005 and a diploma in building studies from Business & Technician Education Council of the UK in July 1985. He also obtained a higher certificate in building studies and a proficiency certificate in industrial safety from the Hong Kong Polytechnic in November 1986 and November 1989, respectively. Mr. Ho is a chartered member and chartered construction manager of the Chartered Institute of Building.

**Mr. Cheung Pak Lun (張柏倫)**, aged 37, joined Able Engineering on 16 September 2002 as a graduate engineer and was promoted to the position of project manager on 1 January 2014. He is mainly responsible for provision of building project management and contract administration works of certain contracts.

Mr. Cheung has over 13 years of experience in the construction industry, in particular, working experience in private and public residential and institutional developments. He obtained a bachelor degree in building engineering and management from the Hong Kong Polytechnic in November 2002.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

**Mr. Fung Siu Hang (馮少恒)**, aged 39, joined Able Engineering as quantity surveyor on 15 May 2007 and was promoted to the roles of senior quantity surveyor and quantity surveying manager on 1 August 2010 and 1 January 2015, respectively. He is mainly responsible for provision of quantity surveying services.

Mr. Fung has approximately 18 years of experience in the construction industry, in particular, quantity surveying experience in both private and public construction projects. He obtained a higher diploma in building studies from the Hong Kong Institute of Vocational Education in July 2004 and a bachelor of science degree in building economics and quantity surveying from Heriot Watt University of the UK in July 2008.

**Mr. Wong Chun Man (王俊文)**, aged 43, joined Able Engineering as a senior quantity surveyor on 2 July 2010 and was promoted to the position of quantity surveying manager on 1 July 2015. He is mainly responsible for provision of quantity surveying services.

Mr. Wong has over 15 years of experience in the construction field, in particular, quantity surveying experience in private and public construction projects. He obtained a bachelor of science degree in quantity surveying from the City University of Hong Kong in November 1995. Mr. Wong is a member of the Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He is also a registered professional surveyor in quantity surveying under the Surveyors Registration Ordinance (Cap. 417 of the Laws of Hong Kong).

**Mr. Lee Chi Fai (李智輝)**, aged 31, joined Able Engineering as company secretary and financial controller on 17 May 2016. He was appointed as the company secretary and financial controller of our Company on 6 September 2016 and is primarily responsible for overseeing the financial matters and company secretarial affairs of our Group.

Mr. Lee has over nine years of experience in accounting, auditing and related experience. Prior to joining our Group, he has worked at Ernst & Young for over seven years in various positions, including senior accountant and manager. He has also worked as the senior accounting manager of a company listed on the Stock Exchange primarily engages in property development from January 2015 to May 2016. Mr. Lee obtained a bachelor degree in business administration (majoring in accounting) from Hong Kong University of Science and Technology in November 2007. He is a member of the Hong Kong Institute of Certified Public Accountants since 2011.

During the three years preceding the date of this prospectus, none of our senior management has been a director of any public company, the securities of which are or have been listed on any securities market in Hong Kong or overseas.

## **COMPANY SECRETARY**

**Mr. Lee Chi Fai (李智輝)**, our company secretary and financial controller. For details of his background, please refer to the section headed “Senior Management” of this section.

## **BOARD COMMITTEES**

### **Audit committee**

Our Company has established an audit committee on 18 January 2017 in compliance with Rule 3.21 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of three independent non-executive Directors, namely Dr. Li Yok Sheung, Ms. Mak Suk Hing and Ms. Leung Yuen Shan Maisy. Ms. Leung Yuen Shan Maisy has been appointed as the chairwoman and a member of the audit committee. The primary duties of the audit committee are, among others, to review and supervise the financial reporting process and internal control procedures of our Group, and to develop and review the policies and procedures for corporate governance and make recommendations to the Board.

### **Remuneration committee**

Our Company has established a remuneration committee on 18 January 2017 in compliance with Rule 3.25 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of one executive Director, namely Mr. Yau Kwok Fai and three independent non-executive Directors, namely Dr. Li Yok Sheung, Ms. Mak Suk Hing and Ms. Leung Yuen Shan Maisy. Dr. Li Yok Sheung has been appointed as the chairman and a member of the remuneration committee. The primary duties of the remuneration committee are, among others, to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement.

### **Nomination committee**

Our Company has established a nomination committee on 18 January 2017 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of one executive Director, namely Mr. Ngai and three independent non-executive Directors, namely Dr. Li Yok Sheung, Ms. Mak Suk Hing and Ms. Leung Yuen Shan Maisy. Mr. Ngai has been appointed as the chairman and a member of the nomination committee. The primary duties of the nomination committee are, among others, to review the structure, size, composition and diversity of our Board, assess the independence of our independent non-executive Directors and make recommendations to our Board on matters relating to appointment and re-appointment of Directors.

## **CORPORATE GOVERNANCE**

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Our Company is committed to the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment. Our Company's corporate governance practices have complied with the Corporate Governance Code.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report, which will be included in our annual reports upon the Listing.

## **DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION**

Our Directors and senior management receive remuneration in the form of director fees, salaries, discretionary bonus, contributions to pension schemes and other benefits in kind subject to applicable laws and regulations. The aggregate amount of remuneration (including salaries, allowances and benefits in kind, performance-related bonuses and contributions to pension schemes paid to our Directors for the three years ended 31 March 2016 and the four months ended 31 July 2016 were approximately HK\$4.4 million, HK\$5.4 million, HK\$5.9 million and HK\$1.5 million, respectively.

The aggregate amount of remuneration (including salaries, allowances and benefits in kind, performance-related bonuses and contributions to pension schemes) paid to the five highest paid individuals of our Group for the three years ended 31 March 2016 and the four months ended 31 July 2016 were approximately HK\$2.2 million, HK\$3.1 million, HK\$6.1 million and HK\$1.8 million, respectively.

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 Group or as compensation for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no payments have been paid or are payable by any members of our Group to our Directors or the five highest paid individuals during the Track Record Period.

Under the arrangements currently in force, the aggregate remuneration and benefits in kind (excluding any discretionary bonus) of our Directors in respect of the year ending 31 March 2017 is estimated to be approximately HK\$6.4 million.

## **REMUNERATION POLICY**

Our executive Directors, independent non-executive Directors and senior management receive compensation in the form of director fees, salaries, allowances, benefits in kind and/or performance-related bonuses with reference to those paid by comparable companies, time commitment and responsibilities of respective Directors and senior management and the performance of our Group. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective experience and qualifications as well as responsibilities of our Directors and senior management and the performance of our Group.

## **COMPLIANCE ADVISER**

Our Company has appointed Ample Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. In compliance with Rule 3A.23 of the Listing Rules, our Company must consult with, and if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to apply the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry to us in respect of unusual price movement and trading volume or other issues.

The term of this appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option), Vantage will, through its wholly-owned subsidiary, Profit Chain, own 75% of our enlarged issued share capital.

Vantage was incorporated in Bermuda with limited liability, the shares of which have been listed on the Stock Exchange since 8 September 2000. As at the Latest Practicable Date, Vantage, through Profit Chain, was interested in the entire issued and paid up share capital of our Company and Mr. Ngai was entitled to control the exercise of approximately 61.31% of the voting power at general meetings of Vantage. Accordingly, Vantage and Mr. Ngai are our Controlling Shareholders.

As of the Latest Practicable Date, apart from the shareholding interests in our Group and otherwise disclosed in this prospectus, none of our Controlling Shareholders and our Directors has owned any interests in any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group and would require disclosure under Rule 8.10 of the Listing Rules.

### DELINEATION OF BUSINESS ACTIVITIES

Our Group acts as a contractor in building construction and RMAA works to the public and private sectors in Hong Kong. Our Group's role as a main contractor is to provide overall project management and supervision and procure the supply of construction materials whereas our role as a subcontractor is to complete the works specified by the main contractor in accordance with the contract requirements.

The Remaining Vantage Group is principally engaged in the investment in retail, commercial and residential premises for their rental income and the development of properties as well as the provision of finance business. As of 30 November 2016, the Remaining Vantage Group was holding the following properties for investment purposes:

- Certain shops and storeroom at Fou Wah Centre, No. 210 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong
- No. 123 Tung Choi Street, Kowloon, Hong Kong
- Commercial and car park building at Kam Ying Court, 9 Kam Ying Road, Man On Shan, Shatin, New Territories, Hong Kong
- Commercial and car park building at Tin Ma Court, 55 Chuk Yuen Road, Wong Tai Sin, Kowloon, Hong Kong
- No. 157 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong
- No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Apart from property investment activities, the Remaining Vantage Group also engages in property development activities. The Remaining Vantage Group only assumes a managing role in property development projects, with the actual building construction and RMAA works for such projects being contracted out to main contractors. As of 30 November 2016, the Remaining Vantage Group was holding the following properties for development:

- Certain units of a building situated at No. 1 and No. 1A Wood Road, Hong Kong
- Wing Lung Wai 173A (The Remaining Portion of Lot No. 462, The Remaining Portion of Lot No. 464 and The Remaining Portion of Lot No. 465, all in Demarcation District No. 109), Kam Tin, Yuen Long, New Territories, Hong Kong
- The Remaining Portion of Lot No. 544 and The Remaining Portion of Lot No. 545, both in Demarcation District No. 109, Kam Tin, Yuen Long, New Territories, Hong Kong

As of 30 November 2016, the following properties of the Remaining Vantage Group were under development:

- No. 9 Belfran Road, Ho Man Tin, Hong Kong
- No. 28 Lugard Road, The Peak, Hong Kong

As of 30 November 2016, the property of the Remaining Vantage Group at Nos. 92A-E, Pokfulam Road, Hong Kong has been completed and was held for sale.

By the nature of the services provided by our Group and the nature of the core businesses of the Remaining Vantage Group, we believe there is a clear delineation of the businesses between our Group and the Remaining Vantage Group, and this distinct separation of operations has been in place since our Group and the Remaining Vantage Group commenced operation in 1976 and 2004, respectively.

### CONTRACTING AGREEMENTS BETWEEN OUR GROUP AND THE REMAINING VANTAGE GROUP

There were three projects contracted to Able Contractors by members of the Remaining Vantage Group (the “**Three Development Projects**”) for which we recorded revenue during the Track Record Period. During the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, we have derived revenue of approximately HK\$48.4 million, HK\$25.4 million, HK\$120.5 million and HK\$48.4 million, respectively from the Three Development Projects, which represented approximately 1.8%, 1.2%, 4.8% and 8.9%, respectively of our total revenue. Only one project among the Three Development Projects has not been completed and it is anticipated that such project will be completed around March 2017.



## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Upon Listing, it is expected that Able Contractors will continue to be engaged by Covalla Limited (“Covalla”), a member of the Remaining Vantage Group for provision of building construction and fitting-out services for an existing project on Belfran Road and that such transactions will be carried out in accordance with a contract agreement entered into between Covalla and Able Contractors (“Contract Agreement”) in accordance with the requirement under Chapter 14A of the Listing Rules. For further details of the Three Development Projects and the Contract Agreement, please refer to the section headed “Connected Transactions — Non-exempt Continuing Connected Transactions — Contract agreement”.

Able Contractors will also be included in the list of approved contractors of the Remaining Vantage Group and the Remaining Vantage Group will only engage contractors included in the approved list. In selecting contractors, the Remaining Vantage Group will take into account of, among others, the fee quotations, project requirements, capability and capacity of the contractors, historical performance of the contractors (such as quality of work, responsiveness and timeliness) and relationship with the contractors to ensure the quality of services to be provided by the contractors, therefore, Able Contractors will only be one of the many contractors that the Remaining Vantage Group may engage for building construction and RMAA works in future development projects. In the event that Able Contractors or any other member of our Group is engaged to provide building construction or RMAA services to the Remaining Vantage Group, we will comply with the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules, where applicable.

### INDEPENDENCE OF OUR GROUP

In the opinion of our Directors, our Group is capable of carrying on our business independent of, and does not place undue reliance on, the Controlling Shareholders, their respective associates or any other parties, taking into account of the following factors:

#### (i) Financial independence

Our Group will be financially independent of the Remaining Vantage Group upon Listing. During the Track Record Period, certain credit facilities provided by the financial institutions to (i) our Group were guaranteed by members of the Remaining Vantage Group and secured by certain legal charges over the assets of the Remaining Vantage Group and (ii) to members of the Remaining Vantage Group were guaranteed by members of our Group. A number of performance bonds in the name of Able Engineering were also guaranteed by members of the Remaining Vantage Group and secured by the properties of the Remaining Vantage Group. As at 30 November 2016, approximately HK\$831.3 million credit facilities and approximately HK\$291.8 million performance bonds of our Group were guaranteed by members of the Remaining Vantage Group, and approximately HK\$1,385.5 million credit facilities granted to members of the Remaining Vantage Group were guaranteed by members of our Group. Our Directors confirm that all corporate guarantees and securities provided by members of the Remaining Vantage Group for the benefit of our Group will be released or replaced by guarantees of our Company and/or other securities of our Group upon Listing. Similarly, all corporate guarantees provided

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

by members of our Group for the benefit of members of the Remaining Vantage Group will be released or replaced by guarantees of Vantage and/or its members of the Remaining Vantage Group upon Listing.

For details of the aforementioned corporate guarantees and performance bonds, please refer to notes 27 and 29 to the Accountants' Report in Appendix I to this prospectus.

In addition, our Group will settle all the intercompany non-trade balances between our Group and the Remaining Vantage Group prior to Listing. The table below sets out the intercompany non-trade balances between our Group and the Remaining Vantage Group as at 31 March 2014, 2015 and 2016 and 31 July 2016.

<b>Nature</b>	<b>As at 31 March</b>			<b>As at</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>31 July</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Amounts due from the Remaining Vantage Group	1,292	3,215	917	203
Loans to the Remaining Vantage Group	558,382	589,222	–	–
Loans from the Remaining Vantage Group	–	–	(22,509)	–
Amounts due to the Remaining Vantage Group	(33,727)	(41,526)	(37,347)	(23,424)

For details of the above intercompany balances, please refer to the section headed "Financial Information — Balances with related parties" in this prospectus.

Upon Listing, there will be no loans to or amounts due to the Remaining Vantage Group by our Group, or vice versa, other than those balances arising from ongoing and future connected transactions between the Remaining Vantage Group and our Group and our Group will be financially independent of the Remaining Vantage Group.

For future finance resource requirements, our Group may either obtain loans from financial institutions, or raise funds through equity financing (other than from the Remaining Vantage Group), and will not be dependent on the Remaining Vantage Group.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### (ii) Operational independence

We make business decisions independently and have obtained all relevant qualifications and licences from appropriate organisations and regulatory authorities that are necessary to carry on our business. We believe we have sufficient capital, equipment and employees to operate our business independently. We are operating as separate profit centres through corporate entities separate from those of the Remaining Vantage Group. Our Directors consider that our operation does not depend on the operation of the Remaining Vantage Group as we have independent access to customers, suppliers and subcontractors without reliance on the Remaining Vantage Group. All our customers and suppliers are independent from the Remaining Vantage Group and its connected persons other than in the Three Development Projects mentioned above, the Remaining Vantage Group is our customer to which we act as a main contractor in the provision of building construction works and fitting-out works. We will also maintain a separate payroll system upon Listing.

Furthermore, we have established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. We have also established a set of internal control procedures to facilitate the effective operation of our business.

Upon Listing, we will continue to rent office space for our operations from the Remaining Vantage Group and provide certain administrative and management support services such as office facilities and equipment support, office administrative support and information system support and office cleaning services to the Remaining Vantage Group. Our Directors are of the view that such existing office premises can easily be replaced by other comparable premises with comparable rentals, without any material disruptions to our operations. Further, the administrative and management support services we provide to the Remaining Vantage Group are limited to non-essential administrative functions and are carried out on an arm's length basis pursuant to an administrative services agreement dated 18 January 2017 on normal commercial terms.

Upon Listing, there will be a number of continuing connected transactions between our Group and the Remaining Vantage Group in relation to (i) the abovementioned leasing of office premises; (ii) the abovementioned provision of administrative and management support services; and (iii) provision of building construction and fitting-out services on an existing project on Belfran Road. These transactions will be carried out on normal commercial terms or better. For further details on these continuing connected transactions, please refer to the section headed "Connected Transactions" in this prospectus.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### (iii) Management independence

Upon Listing, our Company and Vantage will have separate boards of directors that will function independently of each other. The directors of our Company and Vantage upon Listing are as follows:

Position	Our Directors	Directors of Vantage
Executive directors	<ul style="list-style-type: none"> <li>• Mr. Ngai (<i>Chairman</i>)</li> <li>• Mr. Ip Yik Nam ("Mr. Ip") (<i>Chief executive officer</i>)</li> <li>• Mr. Yau</li> <li>• Mr. Yam Kui Hung ("Mr. Yam")</li> <li>• Mr. Lau Chi Fai Daniel ("Mr. Lau")</li> <li>• Mr. Cheung Ho Yuen ("Mr. Cheung")</li> </ul>	<ul style="list-style-type: none"> <li>• Mr. Ngai (<i>Chairman</i>)</li> <li>• Mr. Yau (<i>Deputy chairman and chief executive officer</i>)</li> <li>• Ms. Lau Tsz Kwan, Jone</li> </ul>
Non-executive director	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• Dr. Lee Man Piu, Albert</li> </ul>
Independent non-executive directors	<ul style="list-style-type: none"> <li>• Dr. Li Yok Sheung</li> <li>• Ms. Mak Suk Hing</li> <li>• Ms. Leung Yuen Shan Maisy</li> </ul>	<ul style="list-style-type: none"> <li>• Prof. Ko Jan Ming</li> <li>• The Hon. Ip Kwok Him</li> <li>• Mr. Fung Pui Cheung, Eugene</li> </ul>

Our Group will also have a separate management team from the Remaining Vantage Group mainly due to the fact that the underlying business of our Group and the Remaining Vantage Group are different in nature. Save for two executive directors of Vantage, Mr. Ngai and Mr. Yau, who are also our executive Directors, there is no common director between our Company and Vantage.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

During the Track Record Period, Mr. Yam, Mr. Lau and Mr. Cheung, together with our senior management, were responsible for the day-to-day operations of our Group. Each of Mr. Yam, Mr. Lau and Mr. Cheung has joined our Group for more than 10 years and has over 20 years of experience in the construction industry on average. Please refer to the section headed “Directors, Senior Management and Staff” for more biographical details of Mr. Yam, Mr. Lau and Mr. Cheung.

Being a consolidated subsidiary of the Remaining Vantage Group, our Company has two executive Directors nominated by Vantage, namely Mr. Ngai and Mr. Yau, on our Board. Mr. Ngai, the chairman and executive director of Vantage, has been and will continue to be in charge of overall planning and formulation of strategic directions and management of the board of directors of Vantage. Mr. Ngai will be responsible for management of our Board and strategic planning of our Group. He will not be involved in the daily operations of our Group and the Remaining Vantage Group. It is expected that Mr. Ngai will allocate approximately 50% and 50% of his time and other resources to our Group and the Remaining Vantage Group, respectively.

Mr. Yau, the deputy chairman, executive director and chief executive officer of Vantage, has been and will be in charge of policies formulation, overall development and day-to-day management and administration of the Remaining Vantage Group. He will be responsible for formulating policies and overall development of our Group, with no involvement in daily operations. It is expected that Mr. Yau will allocate approximately 30% and 70% of his time and other resources to our Group and the Remaining Vantage Group, respectively.

Even though Mr. Ngai and Mr. Yau have overlapping roles in our Company and Vantage, our Directors are of the view that our Group will be able to operate independently of the Remaining Vantage Group upon Listing for the following reasons:

1. save for two common directors, namely Mr. Ngai and Mr. Yau, who will not be involved in the day-to-day management of our Group, all the other members of our Board are independent of, and free from any common directorships with Vantage;
2. the other four executive Directors, namely Mr. Yam, Mr. Lau, Mr. Cheung and Mr. Ip, have no directorship or management involvement in the Remaining Vantage Group. The management team and the staff of our Company will report to Mr. Yam, Mr. Lau, Mr. Cheung and Mr. Ip and they will be collectively accountable to our Board for the results of business;

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

3. the following corporate governance measures will be in place to adequately deal with any potential conflict of interest in respect of the conflicting position of the common directors and to safeguard the interests of our independent Shareholders:
  - (a) our Board comprises a balanced composition of independent non-executive Directors who have sufficient character, integrity and calibre for their views to carry weight and thus can effectively exercise independent judgment, take the lead when potential conflicts of interest arise and provide impartial opinions in the decision making process of our Board to protect the interests of our independent Shareholders. Further, a majority of (if not all) the members of our audit committee, remuneration committee and nomination committee are independent non-executive Directors;
  - (b) where a conflict of interest arises, any conflicting Director will, abstain from voting and not be counted in the quorum at any Board meeting, and in the event there is an equality of votes by the remaining Directors on a resolution, the chairman presiding at such Board meeting shall have a second or casting vote. Likewise, the conflicting Shareholder will abstain from voting at any Shareholders meeting where a conflict of interest arises. In this context, a conflict will be taken to include any matter in which the Remaining Vantage Group has an interest (direct or indirect). Such corporate governance measure have been incorporated in the Articles of Association;
  - (c) all of our Directors have received training on their responsibilities as directors, including their fiduciary duties to act in the best interests of our Group;
  - (d) instances of actual and potential conflict have been identified (please see the section headed “Connected Transactions” in this prospectus), minimised (by virtue of the Deed of Non-competition) and will be regulated in accordance with the Listing Rules, and where our Board is required to determine matters under the Deed of Non-competition or any connected transactions, such matters will be referred to the independent non-executive Directors and/or to those who do not have a material interest in the matter;
  - (e) a regime for all of the existing continuing connected transactions have been established, with the on-going requirement that all such transactions (other than those qualifying for an exemption) be reviewed and reported annually to our independent non-executive Directors and our auditors; and

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (f) specific corporate governance measures have been put in place in respect of enforcement of the undertakings given by Vantage and Mr. Ngai under the Deed of Non-competition as mentioned above (please also see the sub-section headed “Corporate Governance” below in this section); and
4. there is no overlapping of senior management members between the Remaining Vantage Group and our Group. Our Directors confirm that our senior management and employees are employed by our Group separately from the Remaining Vantage Group such that our management team will act independently of the Remaining Vantage Group.

### POTENTIAL COMPETITION WITH LANON GROUP

Rule 8.10 of the Listing Rules sets out certain disclosure requirements where an applicant’s controlling shareholder or a director is interested in any business apart from the applicant’s business which competes or is likely to compete with the applicant’s business. As at the Latest Practicable Date, save as disclosed in this prospectus, none of our Controlling Shareholders and our Directors had interests in any business, which competes, or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules. While none of our Controlling Shareholders and our Directors had any interests in the Lanon Group (as defined below) as at the Latest Practicable Date, the Lanon Group was, to the best knowledge and belief of our Directors, beneficially wholly-owned by Mr. Ngai Wing Yin, Mr. Ngai’s son who is aged over 18. The information disclosed herein on the Lanon Group is disclosed voluntarily for investors’ information only and based on the best knowledge of our Directors.

#### Information on Lanon Group

(i) *Shareholding structure and directorship*

As at the Latest Practicable Date, to the best knowledge and belief of our Directors, Lanon Development Limited (“**Lanon Development**”), Lanon Construction Limited (“**Lanon Construction**”), Lanon Building Limited (“**Lanon Building**”), Lanon Engineering Limited (“**Lanon Engineering**”), Lanon Group Limited (“**Lanon Group Limited**”) and Lanon Finance Limited (“**Lanon Finance**”) were wholly-owned subsidiaries of Lanon Holdings Limited (“**Lanon Holdings**”) (collectively as the “**Lanon Group**”). The Lanon Group was beneficially wholly-owned by Mr. Ngai Wing Yin, Mr. Ngai’s son who is aged over 18.

Mr. Ngai Wing Yin was a director of each of the members of the Lanon Group and Ms. Wong Chui Yee, Mr. Ngai Wing Yin’s wife and Mr. Ngai’s daughter-in-law who is aged over 18, was also a director of Lanon Development. Mr. Ngai Wing Yin and members of the Lanon Group are associates but not close associates of Mr. Ngai, the chairman, executive Director and Controlling Shareholder of our Company. None of our Controlling Shareholders, Directors and their respective close associates and senior management members is involved in the day-to-day management and operation of the Lanon Group or is in any position to exercise control or influence over the operational decisions of the Lanon Group.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### *(ii) History*

Mr. Ngai Wing Yin, through Lanon Holdings, acquired 100% interest in the issued share capital of Lanon Development from two Independent Third Parties in 2010. The remaining Lanon Group were all established by Mr. Ngai Wing Yin and/or corporations controlled by him. Our Directors confirm that Mr. Ngai was not involved in the acquisition of Lanon Development nor the establishment of the remaining Lanon Group.

Further, to the best knowledge of our Directors, since the establishment of the Lanon Group and up to the Latest Practicable Date, none of our Controlling Shareholders, Directors and their respective close associates and senior management members held any interest in the Lanon Group nor were they involved in the day-to-day management and operation of the Lanon Group.

### *(iii) Financial performance*

Since the Lanon Group is a privately-owned group of companies, we are not able to find any published financial information of the Lanon Group from the public domain. We have therefore requested the Lanon Group for its financial information. However, we have received feedback from the Lanon Group that the directors of the Lanon Group have confidentiality obligations not to disclose financial information of the Lanon Group to external parties. Given that none of our Controlling Shareholders, Directors and their respective close associates and senior management members has any control over the shareholders and/or management of the Lanon Group, we are unable to obtain the financial information of the Lanon Group.

### *(iv) Business*

Our principal business is building construction and RMAA works while the principal business of the Lanon Group, to the best knowledge of our Directors and according to the public searches we conducted, includes building construction, building maintenance and civil engineering contract works. According to our public searches, the Lanon Group has obtained the following major licences and qualifications in Hong Kong as at the Latest Practicable Date: (i) Group C (confirmed) status in the categories of Buildings, Port works, Roads and drainage, Site formation works and Water works with WBDB; (ii) registered general building contractor with the Buildings Department; and (iii) decoration contractor and Group M2 status in the category of building maintenance with the Housing Authority.

Although there are some overlaps between the business of our Group and the business of the Lanon Group, the Lanon Group does not have the capability to take on certain of our Group's building construction and RMAA projects as it does not possess the necessary licenses and qualifications. For instance, the Lanon Group is not an approved specialist contractor for the repair and restoration of historic buildings (western style buildings), turn-key interior design and fitting-out works. Further, the Lanon Group is not the Housing Authority's approved contractor in building (new works) category (whether for Group NW1 or NW2). Therefore, the Lanon Group cannot tender for repair, maintenance and fitting-out works with WBDB and new building works with the Housing Authority. On the other hand, our Group does not possess the licenses and qualifications to engage in civil engineering works and there is no intention of our Group to obtain such licenses and qualifications. For details of our Group's major licenses and qualifications, please refer to the section headed "Business — Major Qualifications, Certifications, and Compliance" in this prospectus.



## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

To the best knowledge of our Directors, Lanon Development primarily engages in minor works business. Based on the information available in the Gazette, Lanon Development was awarded only one contract in 2014 in minor works by the Architectural Services Department for a contract sum of approximately HK\$498.3 million from 2014 to 2016. On the other hand, our Group focuses more on building construction and RMAA business. During the Track Record Period, total revenue generated by our Group from minor works was approximately HK\$397.6 million, HK\$489.7 million, HK\$266.7 million and HK\$79.8 million for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively which accounted for approximately only 14.7%, 23.1%, 10.7% and 14.7% of our total revenue for the corresponding period.

In addition, to the best knowledge of our Directors, the scale of operation of the Lanon Group is significantly smaller than that of our Group. In view of the foregoing and the lack of the Housing Authority qualification in building (new works) category, the Lanon Group does not possess the necessary resources to undertake projects of similar scale to our Group, in particular, it does not have the required qualification to take on new buildings work with the Housing Authority.

As disclosed in the section headed “Business — Business Strategies and Prospects” in this prospectus, our Directors expect that our revenue from new building works with the Housing Authority will continue to increase as we intend to take on more Housing Authority projects. Indeed, among the top five largest building construction projects in progress as at the Latest Practicable Date, three of them related to new building works with the Housing Authority, with an aggregate remaining contract sum as at 31 July 2016 amounted to approximately HK\$5,248.8 million. For further details of such projects, please refer to the section headed “Business — Our Projects — Building construction projects” in this prospectus.

Although the Lanon Group and our Group compete, to a certain extent, in the same industry, due to the independency of the Lanon Group, the competition exerted by the Lanon Group on our Group is no different from the competition that our Group may experience from other Independent Third Party competitors.

### **Independence**

To the best knowledge of our Directors, save as disclosed in this prospectus and the lease arrangement entered into between Frason Holdings Limited (“Frason”), an indirect wholly-owned subsidiary of Vantage, and Lanon Development, the Lanon Group has no business or other relationship with our Group or the Remaining Vantage Group or any of our Controlling Shareholders and Directors and there is no overlapping of directors or management, sharing of assets and/or resources and no past or present transactions between our Group and the Lanon Group. Given that (i) the Lanon Group has never been part of the Vantage Group; (ii) there is neither overlapping of management and shareholding nor sharing of assets or resources between the Lanon Group and our Group; and (iii) none of our Controlling Shareholders, Directors and their respective close associates and senior management members has any interest in the Lanon Group or has any influence and/or control over the shareholders and the management of the Lanon Group, our Directors consider that the injection of the business of the Lanon Group into our Group for the purpose of the Spin-off is neither feasible nor appropriate.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### Internal corporate governance

Our Group has implemented corporate governance procedures with respect to keeping information in confidence. There is a set of confidential information policies and guidelines imposed by our Company. All employees and all our Directors are informed of their duties and are required to protect our Group's confidential information and not to disclose any confidential information or trade secrets to anyone outside our Group.

It is also the policy of our Group not to disclose any information about tender price of projects to the Remaining Vantage Group during any time prior to the submission of any tenders, unless such disclosure is for the purpose of Vantage's compliance under the Listing Rules.

We have procured Vantage to give us an undertaking that if the Remaining Vantage Group is in possession of any confidential information or trade secrets or other information which is or may become related to, or may have an impact on, the business of our Group, it will not disclose such information and trade secrets to any third party, including the Lanon Group and its shareholders and directors, unless such disclosure is made to professional advisers on a confidential basis or is otherwise required by the Government or any regulatory authorities under any applicable laws and regulations. Before making any such disclosure, the Remaining Vantage Group shall inform and consult our Group as to the form and substance of such disclosure. Our independent non-executive Directors will monitor and review annually the compliance and enforcement of such undertaking by Vantage with its further undertaking that it shall provide full assistance for the annual review.

In addition, our Group is bound by the anti-collusion clause in the general conditions of tender of Government projects, which specifies that the tenderer shall not communicate to any person other than the Government the amount of the tender price or any part thereof until the tenderer is notified by the Government of the outcome of the tender exercise. Under such clause, the tenderer shall also not fix the amount of the tender price or any part thereof by arrangement with other person, make any arrangement with any person about whether or not he or that other person will or will not submit a tender or otherwise collude with any person in any manner whatsoever in the tendering process. Any breach of or non-compliance with the anti-collusion clause by the tenderer shall, without affecting the tenderer's liability for such breach or non-compliance, invalidate his tender. Our Group needs to submit with its tender a duly signed and witnessed letter to the Government representing and warranting that it has not communicated and will not communicate to any person other than the Government the information mentioned in the above paragraph. In the relevant tenders, our Group also has to undertake to indemnify and keep indemnified the Government against all losses, damages, costs or expenses arising out of or in relation to any breach of or non-compliance with the anti-collusion clause.

In view of the above, our Directors are of the view that there are effective guidelines and measures in place to ensure that our Group and our Directors and employees will protect confidential information of our Group, including but not limited to information relating to bidding of projects, so that there will not be any unauthorised sharing of information between our Group and any parties outside our Group, including but not limited to the Lanon Group.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### DEED OF NON-COMPETITION

In order to eliminate any future competing business with our Group, on 18 January 2017, each of Vantage and Mr. Ngai (the “**Covenantors**”) entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustees for each of our subsidiaries). Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably undertaken and covenanted with our Company that, during the Relevant Period, it/he shall, and shall procure its/his close associates and/or companies controlled by it/him (other than members of our Group):

- (a) not to engage, on its/his own account or with each other or in conjunction with or on behalf of any person, firm, company or organization, carry on or be engaged, concerned with or interested in, directly or indirectly, whether as a director, shareholder, partner, agent, or otherwise (other than being a director or shareholder of members of our Group) and whether for profit, reward or otherwise, in any business which competes with the building construction and RMAA business and any business in any form or manner that is or is likely to be in competition with that of any member of our Group or our Group as a whole from time to time (excluding for the avoidance of doubt, the business of property investment, property development and provision of finance which the Remaining Vantage Group currently and from time to time engages in) (the “**Restricted Business**”) within Hong Kong unless prior written consent from our Company is obtained;
- (b) not to interfere with or endeavour to entice away from our Group any firm, company or organization who to its/his knowledge is from time to time or has at any time within the immediate past two years before the date of this prospectus been our customer or supplier;
- (c) not to at any time employ any person who has been a director, manager or employee of or consultant to our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to our Group’s business without prior written consent from our Company;
- (d) not to directly or indirectly solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group to cease to deal with our Group or reduce the amount of business which the person would normally do with our Group; and
- (e) not to disclose any confidential information of our Group in its/his possession to any third party or our Group’s competitors unless such disclosure (i) is made to professional advisors on a confidential basis; (ii) is otherwise required by the Government or any regulatory authorities under any applicable laws and regulations or pursuant to any court orders; or (iii) is already in public domain or which become so through no fault or breach of the Covenantors, and that before making any disclosure, the Covenantors shall inform and consult our Group as to the form and substance of such disclosure.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Each of the Covenantors has unconditionally and irrevocably undertaken to us that in the event that it/he or its/his close associates and/or companies controlled by it/him (other than members of our Group) (the “**Offeror**”) is given or identified or offered any business investment or commercial opportunity by Independent Third Parties and such investment or opportunity directly or indirectly competes, or may lead to competition with the Restricted Business (the “**New Opportunities**”), it/he will and will procure its/his close associates and/or companies controlled by it/him (other than members of our Group) to refer the New Opportunities to our Company as soon as practicable in the following manner:

- (a) each of the Covenantors is required to, and shall procure its/his close associates and companies controlled by it/him (other than members of our Group) to, refer, or to procure the referral of, the New Opportunities to our Company, and shall give written notice to our Company of any New Opportunities containing information available to the relevant Covenantor for our Company to consider whether (i) such New Opportunities would constitute competition with the Restricted Business; and (ii) it is in the interest of our Group to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the “**Offer Notice**”); and
- (b) the Offeror will be entitled to pursue the New Opportunities only if (i) the Offeror has received a notice from our Company declining the New Opportunities; or (ii) the Offeror has not received such notice from our Company within ten (10) Business Days from our Company’s receipt of the Offer Notice.

If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to our Company in the manner as set out above.

Upon receipt of the Offer Notice, we will form an independent board committee (the “**Independent Board Committee**”) which comprises our independent non-executive Directors without the attendance by any Director with beneficial or conflicting interest in such project or New Opportunities and seek opinions and decisions from the Independent Board Committee in the manner as to whether (a) such New Opportunities would constitute competition with the Restricted Business; and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunities.

Where any of the Covenantor, its/his close associates and/or companies controlled by it/him (other than members of our Group) have acquired any business investment or interest in any entity relating to the Restricted Business pursuant to (b) above and intend to sell such business investment or interest, the relevant Covenantor, its/his close associates and/or companies controlled by it/him (other than members of our Group) shall provide our Group with a written notice (the “**Pre-emptive Right Notice**”) notifying our Company its pre-emptive right (the “**Pre-emptive Right**”) to acquire any such Restricted Business with an expiry date being the eleventh (11th) Business Days from our Company’s receipt of the Pre-emptive Right Notice. Where (i) the Independent Board Committee decides to waive the Pre-emptive Right by way of written notice within ten (10) Business Days from our Company’s receipt of the Pre-emptive Right Notice or (ii) the relevant Covenantor or its/his close associates and/or companies controlled by it/him

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

(other than members of our Group) (as the case may be) has not received the Pre-emptive Right Notice, the relevant Covenantor, its/his close associates and/or companies controlled by it/him (other than members of our Group) may offer to sell such business, investment or interest in the Restricted Business to other third parties on such terms which are no more favourable than those made available to our Group. In deciding whether to exercise the Pre-emptive Right, our Directors will consider various factors including the purchase price and their values and benefits, as well as the benefit that they will bring to our Group.

For the above purpose of the Deed of Non-competition, the “Relevant Period” means the period from the Listing Date until the earlier of:

- (a) the relevant Covenantor, its/his close associates and/or companies controlled by it/him, individually or taken as a whole, cease to be the Controlling Shareholders for the purpose of the Listing Rules; and
- (b) the Shares cease to be listed on the Stock Exchange.

Nothing in the Deed of Non-competition shall prevent any of the Covenantors and its/his close associates and/or companies controlled by it/him from holding or being interested in shares or other securities in any company which conducts or is engaged in any Restricted Business (the “**Subject Company**”) provided that:

- (a) such shares or securities are held for investment purposes and are or are proposed to be listed on any internationally recognised stock exchange;
- (b) the aggregate equity interest or number of shares held by the relevant Covenantor and its/his close associates and/or companies controlled by it/him do not exceed 10% of the issued share capital or issued shares of the Subject Company; and
- (c) such shares or securities do not confer rights to be involved directly or indirectly with the operations of the Subject Company such that the relevant Covenantor and its/his close associates and/or companies controlled by it/him do not have any representative on the board or management team of the Subject Company.

The Deed of Non-competition is conditional on the fulfilment (or waiver, where appropriate) of the conditions set out in the section headed “Structure and Conditions of the Share Offer — Conditions of the Share Offer” in this prospectus within the times and dates as specified therein.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Each of the Covenantors has further undertaken under the Deed of Non-competition that it/he shall provide to us and our Directors (including our independent non-executive Directors) with information available to it/him from time to time which is necessary for the annual review by our independent non-executive Directors with regard to compliance of the terms of the Deed of Non-competition and the enforcement of the Deed of Non-competition. Each of the Covenantors has also undertaken (if necessary) to make an annual declaration as to compliance with the terms of the Deed of Non-competition in our annual reports.

### CORPORATE GOVERNANCE

Our Directors recognise the importance of incorporating elements of good corporate governance in management conducive to the protection of the interests of our Shareholders. In particular, the following corporate governance measures in relation to managing the conflicts of interest between our Group and the Remaining Vantage Group to safeguard the interests of our Shareholders will be adopted:

1. our independent non-executive Directors will review, on an annual basis, due compliance with the terms of the Deed of Non-competition by the Covenantors so long as such deed is still effective;
2. each of the Covenantors undertakes to provide the information available to them from time to time 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 with basis on matters reviewed by our independent non-executive Directors relating to compliance with and enforcement of the Deed of Non-competition and each of the Covenantors will make (if necessary) annual declaration on compliance with its/his undertaking under the Deed of Non-competition in the annual reports of our Company;
4. the Independent Board Committee comprising all independent non-executive Directors will be responsible for deciding and given the authority to decide, without attendance by any Directors with beneficial or conflicting interest in the New Opportunities referred to our Group by the Covenantors, on pursuing or declining such New Opportunities and the exercise of the Pre-emptive Right under the Deed of Non-competition. The Independent Board Committee has the relevant expertise and experience in deciding whether or not to pursue or decline the New Opportunities or exercise the Pre-emptive Right;
5. our Company will ensure that our Directors are sufficiently independent of the Remaining Vantage Group and the majority of the members of our audit committee, remuneration committee and nomination committee will have no role in and be independent of the Remaining Vantage Group. In addition, the terms of reference of each of the said committees will require the members to be alert to prospective conflict of interest issues and to formulate their proposals accordingly;

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

6. any transaction (if any) between (or proposed to be made between) us and our connected persons will be required to comply with Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the grant of waiver(s) from strict compliance with relevant requirements under the Listing Rules;
7. where a conflict of interest arises, any Director who is considered to be interested in a particular matter or the subject matter shall disclose his/her interest to our Board and that under the Articles of Association, any Director having any material interest in the matter shall not vote on the Board resolutions approving the same and shall not be counted in the quorum of the relevant Board meeting; and
8. we have appointed Ample Capital Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and internal control measures.

## REASONS FOR AND BENEFITS FROM THE SPIN-OFF OF OUR COMPANY AND THE REMAINING VANTAGE GROUP

Our Company considers that the reasons and benefits of the Spin-off include the following:

1. as there are clear strategic and operational differences between the businesses of our Group and the Remaining Vantage Group, the Spin-off will create our Company as an investment opportunity for new investors to invest in companies engaging in the provision of building construction and RMAA works, this will unlock the stand alone valuation of our Company and thereby create value for both our Shareholders and the shareholders of Vantage;
2. the Spin-off will increase the operational and financial transparency of each of the businesses of our Group and the Remaining Vantage Group, through which investors would be able to appraise and assess the performance and potential of our Company and the Remaining Vantage Group as separate entities rather than as a conglomerate, and such improvement allows both our Company and the Remaining Vantage Group to target their respective investor base more effectively;
3. the Spin-off will allow our Group and the Remaining Vantage Group to adopt different business strategies in order to better suit their respective businesses and enhance their ability to focus on opportunities specific to the respective businesses of the relevant group;

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

4. the Spin-off will provide a separate fund raising platform to fund the growth and expansion of the building construction and RMAA business of our Group;
5. the proceeds from the Share Offer will enable our Group to fund the growth and expansion of the building construction and RMAA business and also lead to a more direct alignment of the responsibilities and accountability of the management of both our Company and the Remaining Vantage Group with their respective operating and financial performances, which in turn, leads to enhanced management focus, better resources allocation, more efficient decision-making process, and faster responsiveness to market changes, on the respective businesses of our Company and the Remaining Vantage Group;
6. the Spin-off will enable our Company to establish our own shareholder base and capital raising platform, which provides us with added flexibility in funding operations and capital expenditures;
7. the separate listing status of our Company will also enhance our profile amongst our customers, suppliers and other business partners as well as our ability to attract strategic investors and recruit, motivate and retain key management personnel, thereby enhancing our capital structure and competitiveness and optimising cost of capital; and
8. the stock performance of our Company could serve as a separate benchmark for the evaluation of our performance, which in turn, could serve as an incentive for our management to seek improvement and raise our operating efficiency on an ongoing basis.



## CONNECTED TRANSACTIONS

### CONTINUING CONNECTED TRANSACTIONS

During the Track Record Period, we have entered into transactions with connected persons of our Company. Upon Listing, certain members of our Group will continue to have transactions with connected persons of our Company and these transactions will constitute continuing connected transactions of our Group pursuant to Chapter 14A of the Listing Rules. Details of the connected persons and the continuing connected transactions are set out below.

	<b>Brief description of transaction</b>	<b>Term</b>	<b>Applicable Listing Rule</b>	<b>Waiver sought</b>
1.	Office Tenancy Agreement	From 1 June 2016 to 31 May 2019	Rule 14A.76(1)(c)	None (De minimis transactions)
2.	Administrative Services Agreement	From the Listing Date to 31 March 2019	Rule 14A.76(1)(a)	None (De minimis transactions)
3.	Contract Agreement	From the Listing Date to 31 March 2017	Rule 14A.105	Reporting, announcement and independent Shareholders' approval requirements

### CONNECTED PERSONS

Vantage is a Controlling Shareholder of our Company. Hence, the Remaining Vantage Group will become connected persons of our Company upon Listing pursuant to Rule 14A.07(4) and 14A.13(3) of the Listing Rules.

### FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A.76 of the Listing Rules, the continuing connected transactions of our Group set out below constitute fully exempt continuing connected transactions:

#### **Office Tenancy Agreement**

##### *(a) Description of the transaction*

During the Track Record Period, we leased our head office and principal place of business from Frason Holdings Limited ("**Frason**"), a member of the Remaining Vantage Group. We intend to continue leasing our existing head office and principal place of business from Fraser upon Listing. Accordingly, on 31 May 2016, Able Engineering, as tenant, and Frason, as landlord, entered into a tenancy agreement (the "**Office Tenancy Agreement**") in relation to the lease of office premises at an identified portion of No. 155,

## CONNECTED TRANSACTIONS

Waterloo Road, Kowloon Tong, Kowloon, Hong Kong with an aggregate floor area of approximately 8,593 square feet and two parking spaces. The term of the tenancy commences from 1 June 2016 and ends on 31 May 2019 at a rental of HK\$220,000 per month payable in advance (exclusive of government rates, utility and other property related miscellaneous expenses).

The annual rental payable by us to Frason for each of the years ending 31 March 2017, 2018 and 2019 is expected not to exceed HK\$2.7 million. In arriving at the above annual rental, our Directors have considered, among others, the floor area under the tenancy and the prevailing market rates, namely the rental payable for similar properties to be leased from Independent Third Parties at similar locations.

Our Directors considered that the Office Tenancy Agreement was entered into in the ordinary course of our Group's business and is on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

*(b) Historical transaction amounts and annual caps on future transaction amounts*

The historical figures for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 for this transaction incurred by our Group were approximately HK\$2.9 million, HK\$2.9 million, HK\$2.9 million and HK\$0.9 million, respectively.

*(c) Implication under the Listing Rules*

As all of the applicable percentage ratios in respect of the annual rental of the Office Tenancy Agreement are less than 5% and the total annual consideration is less than HK\$3 million, the transactions contemplated thereunder constitute de minimis continuing connected transactions exempt from independent Shareholders' approval, annual review and all disclosure requirements set out in Chapter 14A of the Listing Rules.

### **Administrative Services Agreement**

*(a) Description of the transaction*

During the Track Record Period, our Directors confirm that we have provided certain administrative support services, including office facilities, equipment support, office administrative support, information system support and office cleaning services (collectively the "**Administrative Services**") to the Remaining Vantage Group. We intend to continue to provide Administrative Services to the Remaining Vantage Group upon Listing. Accordingly, on 18 January 2017, Vantage Management Service Limited ("**Vantage Management**") (a member of the Remaining Vantage Group) (for itself and for and on behalf of the Remaining Vantage Group) and Able Engineering, entered into an administrative services agreement (the "**Administrative Services Agreement**") pursuant to which Able Engineering, as a service provider, has agreed to provide the Remaining Vantage Group the Administrative Services for a term commencing from the Listing Date and ending on 31 March 2019. Our Directors understand that the Remaining Vantage Group would be able to retain or source Administrative Services from independent service providers. However, this is not the preference of either our Group or the

## CONNECTED TRANSACTIONS

Remaining Vantage Group given that we will be sharing the same office premises with the Remaining Vantage Group pursuant to the Office Tenancy Agreement.

In consideration of our provision of Administrative Services, Vantage Management shall pay a service fee, based on Able Engineering's actual direct and indirect costs incurred in the supply and the procuring of the supply of such services, including overheads, human and/or other resources. The annual service fee payable by Vantage Management to us for each of financial years ending 31 March 2017, 2018 and 2019 is expected not to exceed HK\$80,000, HK\$95,000 and HK\$114,000, respectively. In arriving at the above annual caps, our Directors have considered the estimated costs to be incurred by Able Engineering for provision of the Administrative Services with reference to the estimated head counts and time recorded in respect of the provision of office facilities, equipment support, office cleaning services, office administrative support and information system support; and (ii) the estimated area to be occupied by the Remaining Vantage Group in respect of the provision of office facilities and equipment support.

Our Directors considered that the continuing connected transactions under the Administrative Services Agreement and the proposed annual service fee thereof are in the ordinary and usual course of business of our Group and are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

*(b) Historical transaction amounts and annual caps on future transaction amounts*

The historical figures for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, for this transaction incurred by the Remaining Vantage Group were approximately HK\$31,000, HK\$66,000, HK\$60,000 and HK\$17,000, respectively.

*(c) Implication under the Listing Rules*

As the arrangements under the Administrative Services Agreement constitute the sharing of administrative services which are identifiable on a cost basis and the costs of which are allocated to the parties on a fair and equitable basis in compliance with Rule 14A.98 of the Listing Rules, the Administrative Services Agreement is exempt from independent Shareholders' approval, annual review and all disclosure requirements set out in Chapter 14A of the Listing Rules,

## CONNECTED TRANSACTIONS

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### Contract Agreement

##### (a) Background

During the Track Record Period, our wholly-owned subsidiary, Able Contractors entered into a number of contracting agreements with certain members of the Remaining Vantage Group in relation to provision of building construction and RMAA services for three property development projects (the “**Three Development Projects**”) which we recorded revenue during the Track Record Period. Details of the Three Development Projects are summarised in the table below.

Project	Location	Work scope	Commencement and completion date	Contract sum
“ <b>Belfran Road Project</b> ”	No. 9, Belfran Road, Ho Man Tin, Kowloon	Construction and fitting-out for property development	Commenced in July 2012 and expected to complete around March 2017	HK\$126.1 million
Pokfulam Project	Nos. 92A-E, Pokfulam Road, Hong Kong	Construction and fitting-out for property development	Commenced in October 2012 and completed in July 2016	HK\$122.0 million
Tung Choi Street Project	No. 123 Tung Choi Street, Kowloon	Fitting-out and associated works	Commenced in April 2013 and completed in March 2014	HK\$26.2 million

As at the Latest Practicable Date, all of the above projects, other than the Belfran Road Project, had been completed. Upon Listing, it is expected that Covalla Limited (“**Covalla**”), a member of the Remaining Vantage Group, will continue to engage Able Contractors for the provision of building construction and fitting-out services for the Belfran Road Project. As at the Latest Practicable Date, the total estimated contract sum and work orders value under the Belfran Road Project amounted to approximately HK\$126.1 million.

##### (b) Material terms

In anticipation of the Share Offer, on 18 January 2017, Able Contractors entered into a contract agreement (the “**Contract Agreement**”) with Covalla to govern the overall relationship of the parties in relation to the existing contracting arrangement entered into between Covalla and Able Contractors for the provision of building construction and fitting-out services in relation to the Belfran Road Project (the “**Existing Contracts**”) according to the requirements under Chapter 14A of the Listing Rules. The Contract Agreement is for a term commencing from the Listing Date and ending on 31 March 2017.

## CONNECTED TRANSACTIONS

### *(c) Pricing policy*

The respective contracting fees for the building construction and fitting-out works rendered by Able Contractors under the Existing Contracts and the Contract Agreement were arrived at after arm's length negotiations between Covalla and Able Contractors and were determined with reference to, among other things, the following factors: (i) the prevailing market prices of materials and sub-contracting services at the time of tendering for the Belfran Road Project based on the competitive quotations from our suppliers and/or subcontractors; (ii) the scale, complexity and specifications of the projects, nature and amount of works to be performed, the capacity of Able Contractors, the estimated time required to complete the works and other technical project requirements under the Belfran Road Project; (iii) the historical fees received from Independent Third Party customers for similar projects; (iv) our estimated gross profit margin for similar projects with Independent Third Party customers at the time of entering into the Existing Contracts; (v) the fee level in the market and competitive conditions at the contract negotiation stage; and (vi) the level of risks involved in the Belfran Road Project.

Our Group considered that the terms of the Existing Contracts and the Contract Agreement are reasonable and represent normal commercial terms or better after taking into account of (i) the terms of contracting arrangement that our Group has had with Independent Third Party customers in projects comparing to those with Covalla, including but not limited to the terms of payment and retention money, defect liability period, work orders, liquidated damages, termination and estimated gross profit margin obtained by our Group in the Belfran Road Project; and (ii) when setting the quotation of contracting fees for the Belfran Road Project, Able Contractors has considered the risks of delayed payment and non-payment by Covalla and chance of success in tendering the Belfran Road Project to determine the profit margin applicable to such project. If the profit margin was set too high, the chance of successful tender might be lowered significantly due to the high tender price.

### *(d) Reasons for and benefits of entering into the Contract Agreement*

Able Contractors was an indirect wholly-owned subsidiary of Vantage before the completion of the Share Offer and the Capitalisation Issue and will become an indirect non-wholly owned subsidiary of Vantage upon Listing. We are contractually obliged to complete the building construction and fitting-out services for the Belfran Road Project pursuant to the terms of the Existing Contracts which was entered into before the commencement of the Track Record Period. All works under the Existing Contracts are expected to be completed around March 2017. Due to the time required for certifying completion and relevant billing process, part of the relevant contracting fees under the Existing Contracts may only be settled after the Listing Date. It is currently expected that the remaining balance of such contracting fees will be settled on or before 31 March 2017. Hence, the entering into of the Contract Agreement would govern the existing contracting arrangement between Covalla and Able Contractors in order for our Group to comply with the requirements under Chapter 14A of the Listing Rules.

## CONNECTED TRANSACTIONS

(e) *Historical transaction amounts*

For the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, the revenue generated by our Group for provision of building construction and fitting-out services to Covalla under the existing contracting arrangement between Covalla and Able Contractors pursuant to the Existing Contracts amounted to approximately HK\$9.6 million, HK\$1.0 million, HK\$35.5 million and HK\$29.6 million, respectively, which represented approximately 0.4%, 0.1%, 1.4% and 5.4% of our Group's total revenue during the same period, respectively.

(f) *Annual cap and basis of cap*

We expect the aggregate maximum amount of contracting fees payable to Able Contractors under the Contract Agreement shall not exceed the annual cap of HK\$80 million for the year ending 31 March 2017.

In arriving at the above proposed annual cap, our Directors have considered (i) the estimated amount of final contracting fees to be received by Able Contractors under the Existing Contracts for the year ending 31 March 2017, taking into account the estimated adjustments to be made to the original contract sums based on the works orders received by reference to the scope of works for the Existing Contracts, subject to the outcome of confirmation of completion by Covalla; and (ii) the estimated time required by Covalla for confirming completion and the relevant billing process under the Existing Contracts.

In addition, the above proposed annual cap has been set based on the assumptions that, for the duration of the Contract Agreement, there will not be any adverse change in market conditions, operation and business environment or government policies which may materially affect our business and that of the Remaining Vantage Group.

(g) *Implication under the Listing Rules*

Given that the annual transaction amount under the Contract Agreement is expected to be over HK\$10 million and that the applicable percentage ratios are more than 5% but less than 25%, the transactions contemplated thereunder constitute continuing connected transactions and will be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(h) *Application for waivers*

As the continuing connected transactions under the Contract Agreement (the "**Non-exempt Continuing Connected Transactions**") are expected to continue on a recurring basis upon Listing, we have under Rule 14A.105 applied to the Stock Exchange for and the Stock Exchange has agreed to grant us a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Non-exempt Continuing Connected Transactions. We will comply with the relevant requirements under Chapter 14A of the

## **CONNECTED TRANSACTIONS**

Listing Rules, including, but not limited to, the proposed annual cap set out above, and will comply with the relevant rules of Chapter 14A of the Listing Rules (including shareholders' approval requirements as appropriate) if the waiver from the Stock Exchange expires or the annual cap set out above is exceeded, or when the relevant agreement expires or is renewed or when any terms of the Non-exempt Continuing Connected Transactions are materially altered or our Company enters into new agreements with any such connected person.

### **CONFIRMATION FROM DIRECTORS**

Our Directors (including our independent non-executive Directors) are of the view that the Non-exempt Continuing Connected Transactions are entered into in the ordinary and usual course of our business, on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and the proposed annual cap set for the Non-exempt Continuing Connected Transactions is fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### **CONFIRMATION FROM THE SPONSOR**

The Sponsor is of the view that the Non-exempt Continuing Connected Transactions are entered into in the ordinary and usual course of our business, on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and the annual cap set for the Non-exempt Continuing Connected Transactions is fair and reasonable as far as our Shareholders are concerned and in the interests of our Company and our Shareholders as a whole.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued upon exercise of the Over-allotment Option), the following persons will have an interest or a short position in the 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 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 any other member of our Group:

Name of Shareholder	Nature of interest	Shares held immediately prior to the Share Offer and the Capitalisation Issue		Shares held immediately after the Share Offer and the Capitalisation Issue (Note 1)	
		Number	Approximate percentage	Number	Approximate percentage
Profit Chain (Note 2)	Beneficial owner	1,000	100%	1,500,000,000	75%
Vantage (Note 2)	Interest in a controlled corporation	1,000	100%	1,500,000,000	75%
Winhale Ltd. (Note 3)	Interest in a controlled corporation	1,000	100%	1,500,000,000	75%
Braveway Limited (Note 4)	Interest in a controlled corporation	1,000	100%	1,500,000,000	75%
HSBC International Trustee Limited (Note 4)	Interest in a controlled corporation	1,000	100%	1,500,000,000	75%
Mr. Ngai (Note 5)	Interest in a controlled corporation	1,000	100%	1,500,000,000	75%
Ms. Cheng Wai Chun (Note 6)	Interest in a controlled corporation and interest of spouse	1,000	100%	1,500,000,000	75%



## SUBSTANTIAL SHAREHOLDERS

*Notes:*

1. Assuming the Over-allotment Option is not exercised.
2. Profit Chain is wholly-owned by Vantage. As such, Vantage is deemed to be interested in the 1,500,000,000 Shares owned by Profit Chain under the SFO.
3. Winhale Ltd. is deemed to be interested in 1,500,000,000 Shares held by Profit Chain under the SFO by virtue of its deemed interest in approximately 47.63% of the entire issued share capital of Vantage.
4. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in the Vantage Shares held by Winhale Ltd. by virtue of the fact that Winhale Ltd. is wholly-owned by Braveway Limited as the trustee of The Braveway Unit Trust. Approximately 99.99% of The Braveway Unit Trust is held by HSBC International Trustee Limited as the trustee of The Xyston Trust. The Xyston Trust is a discretionary trust founded by Mr. Ngai for the benefit of his family members. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in 1,500,000,000 Shares held by Profit Chain under the SFO by virtue of their deemed interest in approximately 47.63% of the entire issued share capital of Vantage.
5. Mr. Ngai is deemed to be interested in 1,080,011,200 Vantage Shares (representing approximately 61.31% of the entire issued share capital of Vantage), which comprise (i) 6,250,800 Vantage Shares held by himself; (ii) 838,760,400 Vantage Shares held by Winhale Ltd. by virtue of him being the settlor of The Xyston Trust; and (iii) 235,000,000 Vantage Shares held by Fame Yield International Limited by virtue of his beneficial interest in the entire issued share capital of Fame Yield International Limited. Accordingly, Mr. Ngai is deemed to be interested in 1,500,000,000 Shares held by Profit Chain under the SFO by virtue of his deemed interest in approximately 61.31% of the entire issued share capital of Vantage.
6. Ms. Cheng Wai Chun is the sole shareholder of Braveway Limited and the spouse of Mr. Ngai. Ms. Cheng is deemed to be interested in 1,500,000,000 Shares held by Profit Chain under the SFO.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued upon exercise of the Over-allotment Option), have an interest or a short position in the 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 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 any other member of our Group.

For details of our Directors' interests in Shares immediately following completion of the Capitalisation Issue and the Share Offer, please refer to the section headed "Statutory and General Information — C. Further information about Substantial Shareholders, Directors and experts — 1. Disclosure of interests" in Appendix IV to this prospectus.

## SHARE CAPITAL

### SHARE CAPITAL OF OUR COMPANY

The following is a description of our authorised and issued share capital in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option).

<i>Authorised share capital:</i>	<i>HK\$</i>
10,000,000,000 Shares	100,000,000
<i>Issued or to be issued, fully paid or credited as fully paid:</i>	
1,000 Share in issue before the Capitalisation Issue	10
1,499,999,000 Shares to be issued pursuant to the Capitalisation Issue	14,999,990
<u>500,000,000</u> Shares to be issued under the Share Offer	<u>5,000,000</u>
<u><b>2,000,000,000</b></u> <b>Shares in total</b>	<u><b>20,000,000</b></u>

### ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional and the issue of Shares pursuant to the Capitalisation Issue and the Share Offer are made. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, and any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the sections headed “General Mandate to Issue Shares” and “General Mandate to Repurchase Shares” below.

### RANKING

The Offer Shares, including the Shares to be issued pursuant to the exercise of the Over-allotment Option, will rank *pari passu* in all respects with all other Shares currently in issue or to be issued, and in particular, will qualify in full for all dividends and other distributions hereafter declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus other than entitlement under the Capitalisation Issue.

## SHARE CAPITAL

### CAPITALISATION ISSUE

Pursuant to the written resolutions of our sole Shareholder passed on 18 January 2017, conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company under the Share Offer, our Directors were authorised to capitalise a sum of HK\$14,999,990 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 1,499,999,000 Shares for allotment and issue to our sole Shareholder whose name appears on the register of members of our Company at the close of business on 16 February 2017 (or another date as our Directors may direct). All the new Shares to be allotted and issued pursuant to the Capitalisation Issue shall rank *pari passu* in all respects with the existing issued Shares.

### GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares with a total nominal value of not more than the aggregate of:

1. 20% of the total nominal amount of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option; and
2. the total nominal amount of the Shares repurchased by our Company (if any) pursuant to a separate mandate to repurchase Shares and described more fully in the section headed “General Mandate to Repurchase Shares” below.

This general mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement in accordance with the Articles of Association.

This general mandate to allot and issue Shares will expire until the earliest of:

- the conclusion of our Company’s next annual general meeting; or
- the expiration of the period within which our Company is required by the Articles of Association or any applicable laws of the Cayman Islands to hold its next annual general meeting; or
- when varied or revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please see the section headed “Statutory and General Information — A. Further Information about Our Company — 3. Written resolutions of our sole Shareholder passed on 18 January 2017” in Appendix IV to this prospectus.

## SHARE CAPITAL

### GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal amount of not more than 10% of the total nominal amount of the Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option.

This general mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the requirements of the Listing Rules and all applicable laws. A summary of the relevant requirements of the Listing Rules is set out in the section headed “Statutory and General Information — A. Further Information about Our Company — 6. Repurchase of shares by our Company” in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire until the earliest of:

- the conclusion of our Company’s next annual general meeting; or
- the expiration of the period within which our Company is required by the Articles of Association or any applicable laws of the Cayman Islands to hold its next annual general meeting; or
- when varied or revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please see the section headed “Statutory and General Information — A. Further Information about Our Company — 3. Written resolutions of our sole Shareholder passed on 18 January 2017” in Appendix IV to this prospectus.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Cayman Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

## FINANCIAL INFORMATION

*You should read this section in conjunction with our audited combined financial information, including the notes thereto, as set out in the Accountants' Report included in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with HKFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contain 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 us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and projections depend on a number of risks and uncertainties over which we do not have control. For further information, please refer to the section headed "Risk Factors" in this prospectus.*

*Please also refer to the section headed "Business — Our Projects" in this prospectus for details of our projects mentioned in this section.*

### OVERVIEW

Founded in 1976, our Group is a well-established company in the construction industry in Hong Kong with a history of over 40 years. We are principally engaged as a contractor in building construction and RMAA works in Hong Kong. We undertake building construction and RMAA works which are mainly contracted by our customers on a project basis.

The following table sets out a breakdown of our total revenue during the Track Record Period according to our two major types of services:

	2014		For the year ended 31 March				For the four months ended 31 July			
	HK\$'000	%	2015	%	2016	%	2015	%	2016	%
			HK\$'000		HK\$'000		HK\$'000		HK\$'000	
							(unaudited)			
Building construction works	1,582,034	58.5	1,309,833	61.9	2,022,826	80.8	987,709	85.9	428,419	78.8
RMAA works	1,121,865	41.5	807,520	38.1	480,094	19.2	161,806	14.1	114,965	21.2
<b>Total</b>	<b>2,703,899</b>	<b>100.0</b>	<b>2,117,353</b>	<b>100.0</b>	<b>2,502,920</b>	<b>100.0</b>	<b>1,149,515</b>	<b>100.0</b>	<b>543,384</b>	<b>100.0</b>

## FINANCIAL INFORMATION

During the Track Record Period and up to the Latest Practicable Date, we had completed 11 and 32 projects of building construction works and RMAA works, respectively. Further details of our major projects are set out in the section headed “Business — Our Projects” in this prospectus. Our revenue for the three years ended 31 March 2016 and four months ended 31 July 2016 was approximately HK\$2,703.9 million, HK\$2,117.4 million, HK\$2,502.9 million and HK\$543.4 million, respectively. According to the CH Report, the revenue of our Group for the year ended 31 March 2016 represented around 1.5% of the total revenue generated from the building construction and RMAA industry in Hong Kong in 2015.

According to the CH Report, it is estimated that the gross output value of the building construction and RMAA industry in Hong Kong will grow from approximately HK\$172.5 billion in 2015 to approximately HK\$194.6 billion in 2020. In view of the growth drivers of the construction industry in Hong Kong, including (i) the initiatives undertaken by the Government to stabilise property market prices by increasing the supply of both private and public residential units; and (ii) the provision of HK\$200 billion set aside by the Government, as stated in The 2016-17 Budget, for the ten-year hospital development plan that covers the redevelopment and expansion of existing hospitals and new hospital, our Directors expect that there will be more opportunities for our business in both the public and private sectors. As at the Latest Practicable Date, we had six and five on-going projects of building construction and RMAA works, respectively. As at 30 November 2016, our Directors estimate that the aggregate outstanding project value and work order value was approximately HK\$5,602.1 million. Approximately HK\$1,439.7 million of the aggregate outstanding project value and work order value of our projects will be recognised in the four months ending 31 March 2017.

### SUMMARY OF HISTORICAL COMBINED FINANCIAL INFORMATION

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

## FINANCIAL INFORMATION

### Combined statements of profit or loss and other comprehensive income

	For the year ended			For the four months ended	
	31 March			31 July	
	2014	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(unaudited)</i>	
<b>REVENUE</b>	2,703,899	2,117,353	2,502,920	1,149,515	543,384
Contract costs	<u>(2,599,673)</u>	<u>(1,997,722)</u>	<u>(2,204,176)</u>	<u>(1,076,460)</u>	<u>(479,647)</u>
Gross profit	104,226	119,631	298,744	73,055	63,737
Other income and gains, net	3,800	1,925	3,291	692	1,020
Administrative expenses	(45,308)	(46,248)	(58,078)	(30,775)	(29,898)
Finance costs	(2,279)	(4,644)	(2,535)	(1,684)	(15)
Share of profits and losses of a joint venture	<u>7,767</u>	<u>9,651</u>	<u>(102)</u>	<u>12,905</u>	<u>1,689</u>
<b>PROFIT BEFORE TAX</b>	68,206	80,315	241,320	54,193	36,533
Income tax expenses	<u>(9,892)</u>	<u>(11,630)</u>	<u>(39,430)</u>	<u>(6,784)</u>	<u>(5,670)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD</b>	<u><u>58,314</u></u>	<u><u>68,685</u></u>	<u><u>201,890</u></u>	<u><u>47,409</u></u>	<u><u>30,863</u></u>
Profit and total comprehensive income attributable to owners of our Company	<u><u>58,314</u></u>	<u><u>68,685</u></u>	<u><u>201,890</u></u>	<u><u>47,409</u></u>	<u><u>30,863</u></u>

### BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the laws of the Cayman Islands on 11 July 2016. Through the Reorganisation as further explained in the section headed “History, Reorganisation and Corporation Structure — Reorganisation” in this prospectus, our Company became the holding company of the subsidiaries now comprising our Group on 12 January 2017. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of our Group for the Track Record Period has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period. The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of our Group for the Track Record Period include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholder, where this is a shorter period. The combined financial statements,

## FINANCIAL INFORMATION

which are presented in Hong Kong dollars, have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, the disclosure requirements of the Listing Rules and the Companies Ordinances.

### 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:

#### Market demand

Our results are affected by the number and availability of projects in Hong Kong, which in turn are affected by a number of factors, including the general economic conditions in Hong Kong, changes in existing laws, regulations and Government policies related to the Hong Kong construction industry, and the amount of investment to be devoted in the construction of new infrastructure and improvement of existing infrastructure. The changes may increase or decrease the demand for our services.

There is no assurance that the number of construction projects will not decrease in the future. In the event that the demand of building construction and RMAA works decrease as a result of the reduction in the number of construction projects in Hong Kong, our business in general and our results of operation may be adversely and materially affected.

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

#### Pricing of our construction projects

The projects undertaken by us are normally contracted to us by way of (i) Open Tender or Restricted Tender from our customers in the public sector in Hong Kong; and (ii) by receiving invitation letters directly from our customers in the private sector in Hong Kong. We determine our price taking into consideration of various factors, including but not limited to (i) the scale, complexity and specifications of the projects; (ii) our capacity; (iii) the estimated project cost (which mainly includes subcontracting charges and material costs); (iv) historical fees we received for similar projects; and (v) the current fee level in the market and competitive conditions at the contract negotiation stage. While it is our objective to charge a reasonable price to maximise our Shareholders’ value, offering a less competitive price than our competitors may render our quotation unsuccessful. Offering a price below the actual cost may on the other hand erode or eliminate our gross profit and affect our financial results. Failure to balance the various factors in determining price will adversely affect our financial performance and results of operation.



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In addition, we may be given variation orders where our customers amend the specification and scope of works from that originally contracted. A variation order may increase, omit or vary the original scope of work and deviate the original contract sum. We estimate the costs of each variation order and may negotiate with the customers for the charge of additional costs incurred. Variation orders may affect our profit margin as prices for additional purchases or subcontracting services have to be negotiated with our suppliers and subcontractors, and we may not be able to maintain the same gross profit margin for a variation order as that for the original contract as a result of higher material costs or subcontracting charges.

### **Gross profit margin of projects**

The gross profit margins of our projects are affected by a number of factors, including (i) the scale, complexity and specifications of the projects; (ii) our capacity; (iii) the estimated project cost (which mainly includes subcontracting charges and material costs); (iv) historical fee we received for similar projects; and (v) the current fee level in the market and competitive conditions at the contract negotiation stage. There is no assurance that our gross profit margins will not decrease in the future. In the event that the gross profit margins of any of our significant future projects fall below our historical gross profit margins, our financial performance and profit would be adversely affected. Furthermore, in the event that the construction industry experiences a downturn and the competition for price intensifies, our gross profit margin, financial performance and profitability may also be adversely affected.

### **Collectability and timing of collection of our trade debtors and retention receivables**

Credit terms given to our customers are generally set out in the relevant contract. Generally, payment is received from project employers within 30 days after we submitted the interim payment application. Our accounts receivable is normally settled by cheque and bank transfer in Hong Kong dollars. Our customer will usually retain at a rate of 1% to 10% of each interim payment made to us and subject to a maximum limit of 5% of the total contract sum. Generally, the first half of the retention money is released upon practical completion and the second half of the retention money is released to us upon expiry of the defect liability period.

As at 31 July 2016, our trade debtors and retention receivables are approximately HK\$172.6 million and HK\$148.1 million respectively. Any failure by our customers to make payments to us on time and in full may have an adverse impact on our liquidity and financial position.

### **Unexpected fluctuation in project costs**

The projects undertaken by us are normally contracted to us by way of (i) Open Tender or Restricted Tender from our customers in the public sector in Hong Kong; and (ii) by receiving invitation letters directly from our customers in the private sector in Hong Kong. We need to estimate the work time and costs in order to determine the tender price. The main components of our estimated project costs are subcontracting charges and material costs.

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We engage subcontractors to carry out the physical on-site works delegated by us. Our subcontracting charges are dependent on the supply and cost of labour in Hong Kong which are affected by the availability of labours in the market as well as economic factors in Hong Kong including the inflation rate and standard of living. In addition, we purchase materials from our suppliers which are in turn dependent on the prices of the underlying commodities.

The project costs may deviate from our estimation. There may be fluctuations in project costs during the actual implementation of the project. Fluctuation in the cost of subcontracting and materials clauses are usually included in the tender that caters for fluctuations in such costs. In the event that the project costs increase unexpectedly to the extent that our Group has to incur substantial extra costs without sufficient compensations, the financial performance and profitability of our Group will be adversely affected.

The following sensitivity analyses illustrate the impact of hypothetical fluctuations in subcontracting charges and material costs on our profit before tax during the Track Record Period, assuming all other variables remain constant. Our Group adopted a hypothetical fluctuation of 5% and 10% in performing the sensitivity analysis below:

Hypothetical fluctuations of our subcontracting charges	For the year ended			For the four months ended	
	2014	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		31 March		31 July	
<b>If our subcontracting charges, had been 5% higher/lower</b>					
Decrease/increase in profit before taxation	-/+111,367	-/+ 82,236	-/+ 90,356	-/+ 43,752	-/+16,430
Percentage decrease/increase in profit before taxation	-/+ 163.3%	-/+ 102.4%	-/+ 37.4%	-/+ 80.7%	-/+ 45.0%
<b>If our subcontracting charges, had been 10% higher/lower</b>					
Decrease/increase in profit before taxation	-/+222,734	-/+164,473	-/+180,711	-/+ 87,503	-/+32,860
Percentage decrease/increase in profit before taxation	-/+ 326.6%	-/+ 204.8%	-/+ 74.9%	-/+161.5%	-/+ 89.9%

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Our gross profit was approximately HK\$104.2 million, HK\$119.6 million, HK\$298.7 million, HK\$73.1 million and HK\$63.7 million for the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, respectively. For illustrative purpose, we would have recorded a breakeven in our gross profit if our subcontracting charges increased by approximately 4.7%, 7.3%, 16.5%, 8.3% and 19.4% for the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, respectively.

Hypothetical fluctuations of our material costs	For the year ended 31 March			For the four months ended 31 July	
	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>If our material costs, had been 5% higher/lower</b>					
Decrease/increase in profit before taxation	-/+ 8,856	-/+ 9,281	-/+10,023	-/+ 6,844	-/+ 3,693
Percentage decrease/increase in profit before taxation	-/+ 13.0%	-/+ 11.6%	-/+ 4.2%	-/+ 12.6%	-/+10.1%
<b>If our material costs, had been 10% higher/lower</b>					
Decrease/increase in profit before taxation	-/+17,712	-/+18,562	-/+20,045	-/+13,687	-/+ 7,385
Percentage decrease/increase in profit before taxation	-/+ 26.0%	-/+ 23.1%	-/+ 8.3%	-/+ 25.3%	-/+20.2%

For illustrative purpose, we would have recorded a breakeven in our gross profit if our material costs increased by approximately 58.8%, 64.4%, 149.0%, 53.4% and 86.3% for the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, respectively.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Accountants' Report in Appendix I to this prospectus sets forth certain significant accounting policies in note 3, which are important for an understanding of the financial condition and results of operation of our Group.

Some of our accounting policies involve subjective assumptions, estimates and judgements that are discussed in notes 3 and 4 to the Accountants' Report in Appendix I to this prospectus. In the application of our accounting policies, our management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. Our estimates and other associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Our estimates and underlying assumptions are reviewed by our management on an ongoing basis. See notes 3 and 4 of the Accountants' Report in Appendix I to this prospectus.

## FINANCIAL INFORMATION

### PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

#### Revenue

We are principally engaged in the provision of (i) building construction works; and (ii) RMAA works in Hong Kong.

Our revenue is recognised based on the percentage of completion of our contracts. The percentage of completion of a contract is established according to the progress payment certificates issued by our customers. The following table sets forth a breakdown of our revenue by sectors during the Track Record Period:

	2014		For the year ended 31 March				For the four months ended 31 July			
	HK\$'000	%	2015 HK\$'000	%	2016 HK\$'000	%	2015 HK\$'000	%	2016 HK\$'000	%
Public sector	1,493,580	55.2	940,500	44.4	566,596	22.6	147,967	12.9	386,837	71.2
Private sector	1,210,319	44.8	1,176,853	55.6	1,936,324	77.4	1,001,548	87.1	156,547	28.8
	<u>2,703,899</u>	<u>100.0</u>	<u>2,117,353</u>	<u>100.0</u>	<u>2,502,920</u>	<u>100.0</u>	<u>1,149,515</u>	<u>100.0</u>	<u>543,384</u>	<u>100.0</u>

#### *Public sector*

Our projects from the public sector undertaken by us are normally contracted to us by way of Open Tender or Restricted Tender from our customers. During the Track Record Period, our customers from the public sector were mainly the Government, Housing Authority and the Hospital Authority. For the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, the revenue derived from our projects from the public sector was approximately HK\$1,493.6 million, HK\$940.5 million, HK\$566.6 million, HK\$148.0 million and HK\$386.8 million, respectively, which accounted for approximately 55.2%, 44.4%, 22.6%, 12.9% and 71.2% of our revenue for the same periods, respectively.

#### *Private sector*

Our projects from the private sector undertaken by us are normally contracted to us by way of Restricted Tender from our customers. During the Track Record Period, our customers from the private sector were mainly private property developers. For the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, the revenue derived from our projects from the private sector was approximately HK\$1,210.3 million, HK\$1,176.9 million, HK\$1,936.3 million, HK\$1,001.5 million and HK\$156.5 million, respectively, which accounted for approximately 44.8%, 55.6%, 77.4%, 87.1% and 28.8% of our revenue for the same periods, respectively.

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The following table sets forth the list of our major projects with revenue contribution of over HK\$100.0 million during the Track Record Period:

Project code (Note 1)	Location of project	For the year ended 31 March			For the four months ended 31 July		Total construction revenue recognised during the Track Record Period HK\$'000	% of revenue from building construction works recognised during the Track Record Period (approximate)
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000		
	<i>Building construction works</i>							
A1	Tsuen Wan	762,787	158,101	19,599	13,338	–	940,487	17.6
A3	Cheung Sha Wan	357,547	1,212	–	–	–	358,759	6.7
A4	Kowloon City	173,464	44,177	154	–	–	217,795	4.1
A5	Pokfulam	12,683	24,391	84,926	1,429	18,800	140,800	2.6
A6	Tseung Kwan O	–	83,741	27,058	22,822	–	110,799	2.1
A7	Tsing Yi	–	357,600	1,018,197	739,164	–	1,375,797	25.7
A10	Tai Lam	83,767	263,543	167,367	34,256	69,420	584,097	10.9
A11	Ho Man Tin	26,921	307,784	464,215	161,698	35,869	834,789	15.6
A12	Repulse Bay	–	36,803	44,174	978	36,857	117,834	2.2
A13	Tung Chung	–	–	92,222	–	147,416	239,638	4.5
	Other building construction projects (Note 2)	164,865	32,481	104,914	14,024	120,057	422,317	8.0
	<b>Revenue from building construction works</b>	<b>1,582,034</b>	<b>1,309,833</b>	<b>2,022,826</b>	<b>987,709</b>	<b>428,419</b>	<b>5,343,112</b>	<b>100.0</b>

## FINANCIAL INFORMATION

Project code (Note 1)	Location of project	For the year ended 31 March			For the four months ended 31 July		Total revenue recognised during the Track Record Period	% of revenue from RMAA works recognised during the Track Record Period (approximate)
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	HK\$'000	
	<i>RMAA works</i>							
B1	Hong Kong Island Eastern and Outlying Islands (South)	94,409	34,623	19,931	8,918	3,010	151,973	6.0
B2	Tai Po, North District and Outlying Islands (North)	100,630	39,161	9,622	6,632	4,330	153,743	6.1
B3	Kowloon City, Sai Kung and Outlying Islands (Sai Kung)	123,264	36,701	5,870	3,465	224	166,059	6.6
B4	Sham Shui Po, Tsuen Wan, Kwai Tsing, Kwun Tong, Mongkok, Yaumatei, Tsim Sha Tsui, Tai Po, North District, Outlying Islands (North), Tuen Mun and Yuen Long	74,186	138,746	67,873	21,581	14,496	295,301	11.7
B5	Hong Kong Island, Lantau Island and Outlying Islands (South), Wong Tai Sin, Sha Tin, Kowloon City, Sai Kung and Outlying Islands (Sai Kung)	55,257	67,202	35,118	6,911	17,202	174,779	6.9
B7	Wong Tai Sin and Shatin	121,714	32,405	7,172	6,249	3,326	164,617	6.5
B8	Various locations	87,044	76,222	18,791	8,722	1,387	183,444	7.3
B9	Kowloon and Outlying Islands (Sai Kung)	57,733	84,892	61,482	20,828	11,155	215,262	8.5
B10	New Territories and Outlying Islands (North)	38,536	75,214	50,350	16,862	28,913	193,013	7.6
B11	Tsuen Wan, Kwai Tsing, Tuen Mun and Yuen Long	65,127	103,682	145,109	30,796	17,881	331,799	13.1
	Other RMAA projects (Note 2)	303,965	118,672	58,776	30,842	13,041	494,454	19.7
	<b>Revenue from RMAA works</b>	<b>1,121,865</b>	<b>807,520</b>	<b>480,094</b>	<b>161,806</b>	<b>114,965</b>	<b>2,524,444</b>	<b>100.0</b>

## FINANCIAL INFORMATION

Notes:

- (1) For details of our major projects, please refer to the tables in the section headed “Business — Our Projects” in this prospectus.
- (2) Other building construction and RMAA projects mainly represents projects that contribute total revenue of HK\$100.0 million or less during the Track Record Period.

During the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, aggregate revenue generated from our building construction works was approximately HK\$1,582.0 million, HK\$1,309.8 million, HK\$2,022.8 million, HK\$987.7 million and HK\$428.4 million respectively, which accounted for approximately 58.5%, 61.9%, 80.8%, 85.9% and 78.8% of our total revenue, respectively. During the Track Record Period, three of our major building construction projects, namely Project A1, Project A7 and Project A11, had made the highest contributions to our Group in terms of revenue.

During the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, aggregate revenue generated from our RMAA works was approximately HK\$1,121.9 million, HK\$807.5 million, HK\$480.1 million, HK\$161.8 million and HK\$115.0 million, respectively, which accounted for approximately 41.5%, 38.1%, 19.2%, 14.1% and 21.2% of our total revenue, respectively.

According to our Group’s accounting policy, revenue recognition of a project is based on the percentage of project completion by reference to the ratio of the aggregate value of the progress payment certificates issued by the customer for the construction works handled to date of a project to the estimated total project value of the same project. Estimated project value is calculated based on estimates from our management by reference to the original contract sum and variation orders.

### Contract costs

Our contract costs primarily represent the costs directly associated with the provision of our building construction works and RMAA works. The following tables set out a summary of contract costs for the three years ended 31 March 2016 and four months ended 31 July 2015 and 2016:

	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>									
Subcontracting charges	2,227,338	85.7	1,644,728	82.3	1,807,114	82.0	875,031	81.3	328,603	68.5
Material costs	177,119	6.8	185,622	9.3	200,450	9.1	136,871	12.7	73,853	15.4
Direct labour costs	96,034	3.7	90,687	4.5	104,082	4.7	26,957	2.5	39,484	8.2
Others	99,182	3.8	76,685	3.9	92,530	4.2	37,601	3.5	37,707	7.9
<b>Total contract costs</b>	<b>2,599,673</b>	<b>100.0</b>	<b>1,997,722</b>	<b>100.0</b>	<b>2,204,176</b>	<b>100.0</b>	<b>1,076,460</b>	<b>100.0</b>	<b>479,647</b>	<b>100.0</b>

## FINANCIAL INFORMATION

Total contract costs consist of (i) subcontracting charges which represent direct costs paid to subcontractors who took part in our projects; and (ii) material costs which represents the costs of procuring materials for our construction projects; (iii) direct labour costs which represent the costs paid to the relevant staff who have directly participated in our projects; and (iv) others which primarily include the insurance expenses for employees' compensation insurance and contractors' all risks insurance and other miscellaneous site expenditure.

Aggregate subcontracting charges and material costs accounted for approximately 92.5%, 91.6%, 91.1%, 94.0% and 83.9% of total contract costs for the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, respectively. The proportion of subcontracting charges and material costs varies from project to project depending on the nature and size of our project. Subcontracting charges and material costs for our projects are mainly driven by factors such as (i) man and machine hours incurred; (ii) the construction site condition; and (iii) the size and complexity of work involved.

For the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, our subcontracting charges amounted to approximately HK\$2,227.3 million, HK\$1,644.7 million, HK\$1,807.1 million, HK\$875.0 million and HK\$328.6 million respectively, representing approximately 85.7%, 82.3%, 82.0%, 81.3% and 68.5% of our total contract costs, respectively. Our subcontracting fee is arrived by the quotation provided by the subcontractor and the assessment of the amount completed by the subcontractor. The level of subcontracting charges incurred by our Group in any given reporting period were influenced by factors such as (i) the number of projects in progress at any given point of time; (ii) the work schedule of each project; and (iii) the size and complexity of each project. Please refer to the section headed "Business — Subcontractors" in this prospectus for further details about our subcontractors.

For the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, our material costs amounted to approximately HK\$177.1 million, HK\$185.6 million, HK\$200.5 million, HK\$136.9 million and HK\$73.9 million, respectively, representing approximately 6.8%, 9.3%, 9.1%, 12.7% and 15.4% of our total contract costs, respectively. In projects which we are responsible for the procurement of construction materials, construction materials are ordered by us and delivered by our suppliers to the construction sites directly from time to time to meet the estimated demand according to work schedules. We generally do not keep inventory. Our Directors are of the view that the amount of construction materials remained at the construction sites at the end of each reporting period were insignificant to our Group. As such, our material costs are treated as trade creditors upon receipts of goods and the same amounts will be recognised as contract costs and/or gross amounts due from customers for contract work by reference to our budgeted costs and work progress simultaneously.



## FINANCIAL INFORMATION

### Gross profit and gross profit margin

Our gross profit were approximately HK\$104.2 million, HK\$119.6 million, HK\$298.7 million, HK\$73.1 million and HK\$63.7 million for the three years ended 31 March 2016 and four months ended 31 July 2015 and 2016, respectively, while our gross profit margin was approximately 3.9%, 5.7%, 11.9%, 6.4% and 11.7% for the same reporting periods, respectively. The following table sets out a breakdown of gross profit and gross profit margin of our Group by service provided for the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Gross profit</b>					
Building construction works	27,440	54,759	245,331	70,902	43,124
RMAA works	76,786	64,872	53,413	2,153	20,613
<b>Total</b>	<b>104,226</b>	<b>119,631</b>	<b>298,744</b>	<b>73,055</b>	<b>63,737</b>

	For the year ended 31 March			For the four months ended 31 July	
	2014	2015	2016	2015	2016
	%	%	%	%	%
<b>Gross profit margin</b>					
Building construction works	1.7	4.2	12.1	7.2	10.1
RMAA works	6.8	8.0	11.1	1.3	17.9
<b>Overall</b>	<b>3.9</b>	<b>5.7</b>	<b>11.9</b>	<b>6.4</b>	<b>11.7</b>

The following table sets forth a breakdown of our gross profit and gross profit margin by public and private sector during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
<b>Gross profit</b>										
Public sector	100,356	96.3	50,560	42.3	54,560	18.3	(2,393)	-3.3	20,002	31.4
Private sector	3,870	3.7	69,071	57.7	244,184	81.7	75,448	103.3	43,735	68.6
<b>Total</b>	<b>104,226</b>	<b>100.0</b>	<b>119,631</b>	<b>100.0</b>	<b>298,744</b>	<b>100.0</b>	<b>73,055</b>	<b>100.0</b>	<b>63,737</b>	<b>100.0</b>

## FINANCIAL INFORMATION

Gross profit margin	For the year ended 31 March			For the four months ended	
	2014	2015	2016	31 July	
	%	%	%	2015	2016
				%	%
				<i>(unaudited)</i>	
Public sector	6.7	5.4	9.6	-1.6	5.2
Private sector	0.3	5.9	12.6	7.5	27.9
Overall	3.9	5.7	11.9	6.4	11.7

### Other income and gains, net

Our other income mainly consists of interest income which mainly represents interest income from our fixed deposits. The following table sets out the details of our Group's other income and gains, net during the Track Record Period:

	For the year ended			For the four months ended	
	31 March			31 July	
	2014	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(unaudited)</i>	
Interest income	3,375	1,776	2,589	658	1,020
Gain on disposals of items of property, plant and equipment	28	21	202	-	-
Sundry income	397	128	500	34	-
	<u>3,800</u>	<u>1,925</u>	<u>3,291</u>	<u>692</u>	<u>1,020</u>

## FINANCIAL INFORMATION

### Administrative expenses

Our administrative expenses mainly consist of (i) management fees paid to the Remaining Vantage Group which mainly represent the remuneration of certain of our Directors, who are also the directors of the Remaining Vantage Group, in respect of their service to our Group; the remuneration package includes a discretionary performance-based bonus that is mainly determined by our operating results; our Directors confirm that such arrangement will cease in December 2016 and relevant Directors' remuneration will be charged to staff costs of our Group going forward; (ii) staff cost which primarily includes salaries, wages and bonuses payable to our staffs, including our Directors, and staff messing and welfare expenses, such as meals and accommodation arrangements provided to our staffs; (iii) rent and rates which mainly represent the rental expenses for the lease of our office premises and a director's quarter for one of our Directors; (iv) donation; (v) entertainment expenses; (vi) audit fees; (vii) depreciation which mainly represents the depreciation expenses for our property, plant and equipment; and (viii) travelling expenses. The following table sets forth the breakdown of our administrative expenses for the Track Record Period:

	For the year ended 31 March			For the four months ended	
				31 July	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Management fees	28,065	25,415	34,658	24,406	23,399
Staff cost	5,676	5,102	5,458	1,371	2,201
Rent & rate	4,685	4,936	4,932	1,659	998
Donation	–	300	3,250	50	59
Entertainment expenses	1,786	1,601	2,431	663	781
Audit fees	1,530	1,590	1,680	560	662
Depreciation	347	823	1,208	184	719
Travelling expenses	222	3,423	673	644	47
Others <sup>(note)</sup>	2,997	3,058	3,788	1,238	1,032
	<u>45,308</u>	<u>46,248</u>	<u>58,078</u>	<u>30,775</u>	<u>29,898</u>

*Note:* This category includes legal and professional fee, motor vehicle expenses, water, electricity and other utilities expenses and sundry expenses.

## FINANCIAL INFORMATION

### Finance costs

Our finance costs mainly represent interest expenses on bank loans. During the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, the interest rates of our bank loans were primarily repriced every month based on HIBOR changes. During the Track Record Period, our interest-bearing bank loans carry interest at rates ranging from approximately 1.5% to 2% per annum, 1.75% to 2% per annum, 1.75% to 2% per annum, 1.75% to 2% per annum and 1.75% per annum above HIBOR for the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, respectively. Aggregate finance costs related to our bank loans for the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016 were approximately HK\$2.3 million, HK\$4.6 million, HK\$2.5 million, HK\$1.7 million and HK\$15,000, respectively.

### Share of profits and losses of a joint venture

Our share of profits and losses of a joint venture represents our share of profits and losses in respect of Leighton-Able JV, a joint venture jointly established by our Group and Leighton Contractors (Asia) Limited, an Independent Third Party. The amount of profit and loss of a joint venture (entity that is accounted for using the equity method) allocated to our Group depends on the financial performance of the joint venture. During the Track Record Period, the amount of profits and losses shared by us for the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016 were approximately profit of HK\$7.8 million and HK\$9.7 million, losses of HK\$0.1 million and profit of HK\$12.9 million and HK\$1.7 million, respectively.

### Income tax

Our Group was not subject to any income tax in the Cayman Islands and the BVI during the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016. The provision for Hong Kong profits tax was calculated at 16.5 % of the relevant estimated assessable profits during the Track Record Period.

For the three years ended 31 March 2016 and for the four months ended 31 July 2015 and 2016, our Group incurred income tax expenses of approximately HK\$9.9 million, HK\$11.6 million, HK\$39.4 million, HK\$6.8 million and HK\$5.7 million, respectively, representing an effective tax rate of approximately 14.5%, 14.5%, 16.3%, 12.5% and 15.5%, respectively. The effective tax rate for the years ended 31 March 2014 and 2015 and four months ended 31 July 2015 and 2016 was considerably lower than the Hong Kong profit tax rate which was mainly due to the share of profits of a joint venture noted in the respective years/periods. Excluding the share of profits of a joint venture, the effective tax rate for the year ended 31 March 2014 and 2015 and for the four months ended 31 July 2015 and 2016 remained approximately at 16.4%, 16.5%, 16.4% and 16.3%, respectively, which is close to the Hong Kong profit tax rate.

During the Track Record Period and up to the Latest Practicable Date, we did not have any dispute or issue with tax authorities which would have had a material impact on our business, financial condition or results of operations.

## FINANCIAL INFORMATION

### PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Four months ended 31 July 2016 compared to four months ended 31 July 2015

##### *Revenue*

Our revenue decreased by approximately HK\$606.1 million, or 52.7%, from approximately HK\$1,149.5 million for the four months ended 31 July 2015 to approximately HK\$543.4 million for the four months ended 31 March 2016. The aforesaid decrease was mainly attributable to the decrease in revenue derived from our building construction works which was primarily due to (i) the decrease in revenue recognised by approximately HK\$739.2 million for Project A7; and (ii) the decrease in revenue recognised by approximately HK\$125.8 million for Project A11, as a greater portion of these projects were completed during the four months ended 31 July 2015 and contributed revenue of approximately HK\$900.9 million for the aforementioned year, while only approximately HK\$35.9 million were recognised during the four months ended 31 July 2016.

Such decrease in revenue during the four months ended 31 July 2016 was partially offset by the (i) increase in building construction works revenue recognised from Project A13 by approximately HK\$147.4 million, which has not yet commenced during the four months ended 31 July 2015 and had a larger amount of work completed during the four months ended 31 July 2016. Further details of the aforesaid projects are set out in the section headed “Business — Our Projects” in this prospectus.

Our revenue from private sector decreased significantly by approximately HK\$845.0 million, or 84.4%, from approximately HK\$1,001.5 million for the four months ended 31 July 2015 to approximately HK\$156.5 million the four months ended 31 July 2016 mainly due to the decrease in revenue recognised by approximately HK\$739.2 million for Project A7.

##### *Contract costs*

Our contract costs decreased by approximately HK\$596.8 million or approximately 55.4%, from approximately HK\$1,076.5 million for the four months ended 31 July 2015 to approximately HK\$479.6 million for the four months ended 31 July 2016. Such decrease was primarily due to (i) the decrease in our subcontracting charges of approximately HK\$546.5 million, or 62.3%, from approximately HK\$877.5 million for the four months ended 31 July 2015 to approximately HK\$331.0 million for the four months ended 31 July 2016; (ii) the decrease in material costs by approximately HK\$63.0 million, or 46.0%, from approximately HK\$136.9 million for the four months ended 31 July 2015 to approximately HK\$73.9 million for the four months ended 31 July 2016.

## FINANCIAL INFORMATION

### *Gross profit and gross profit margin*

Our gross profit decreased by approximately HK\$9.3 million or 12.8% from approximately HK\$73.1 million for the four months ended 31 July 2015 to approximately HK\$63.7 million for four months ended 31 July 2016, while our gross profit margin increased significantly from approximately 6.4% for the four months ended 31 July 2015 to approximately 11.7% for the four months ended 31 July 2016 which is due to the increase of our gross profit margin from both (i) our building construction works and RMAA works; and (ii) our public sector and private sector.

#### *(i) Gross profit margin of building construction projects*

Gross profit margin of our building construction works increased from approximately 7.2% for the four months ended 31 July 2015 to approximately 10.1% for the four months ended 31 July 2016. The increase in our gross profit margin from our building construction works for the four months ended 31 July 2016 was primarily attributable to Project A11 which contributed a major portion of the gross profit for the four months ended 31 July 2016. The high gross profit margin resulted from the aforementioned project for the four months ended 31 July 2016 as compared to 2015 is due to substantial completion and entering of ending stage for the aforementioned project. A higher gross profit margin was recorded for the aforementioned project towards its ending stage since the expected outcome and final cost for such project were more certain and less budgeted cost was needed to be made for uncertainties.

#### *(ii) Gross profit margin of RMAA projects*

Gross profit margin of our RMAA works increased from approximately 1.3% for the four months ended 31 July 2015 to approximately 17.9% for the four months ended 31 July 2016. The significant increase in our gross profit margin from our RMAA works for the four months ended 31 July 2016 was primarily attributable to the lower gross profit margin recorded for two of our RMAA projects during the four months ended 31 July 2015, namely Project B4 and Project B5, which are with higher technical difficulties. The reason for the lower gross profit margin for these projects is due to the fact that more budgeted cost were allowed at the earlier stages of these projects to account for the additional costs that might be incurred for reworks in view of the higher technical difficulties for these projects. The cost budget for our projects will be reviewed from time to time, in conjunction with the progress and certainty of the expected outcome of our projects.

## FINANCIAL INFORMATION

### *(iii) Gross profit margin from the public sector*

Gross profit margin from the public sector increased significantly from approximately -1.6% for the four months ended 31 July 2015 to approximately 5.2% for the four months ended 31 July 2016. The reason for the negative gross profit margin resulted from the public sector for the four months ended 31 July 2015 was primarily attributable to Project A3 which represents the expenses for the works performed during the maintenance period for the aforementioned project. Since the project has been completed in earlier periods, no revenue were recognised for the four months ended 31 July 2015 and a negative gross profit margin was noted.

The significant increase in gross profit margin from the public sector for the four months ended 31 July 2016 was mainly due to the higher gross profit margin from Project B4 and Project B5, which were the major contributor in gross profit from the public sector for the four months ended 31 July 2016, with reasons discussed in earlier parts of this section and the negative gross profit margin recorded from Project A3 for the four months ended 31 July 2015.

### *(iv) Gross profit margin from the private sector*

Gross profit margin from the private sector increased significantly from approximately 7.5% for the four months ended 31 July 2015 to approximately 27.9% for the four months ended 31 July 2016. The significant increase in gross profit margin from the private sector for the four months ended 31 July 2016 was primarily attributable to Project A11, which contributed most of the gross profit from the private sector for the four months ended 31 July 2016. The reasons for the high gross profit margin recorded for the aforementioned project is discussed in earlier parts of this section.

### *Other income and gains, net*

Our other income and gains, net increased by approximately HK\$0.3 million or 47.4% from approximately HK\$0.7 million for the four months ended 31 July 2015 to approximately HK\$1.0 million for the four months ended 31 July 2016. Such increase in other income and gains, net was mainly attributable to the increase in interest income from approximately HK\$0.7 million for the four months ended 31 July 2015 to approximately HK\$1.0 million for the four months ended 31 July 2016.

### *Administrative expenses*

Our administrative expenses decreased by approximately HK\$0.9 million or 2.8% from approximately HK\$30.8 million for the four months ended 31 July 2015 to approximately HK\$29.9 million for the four months ended 31 July 2016, primarily due to the decrease in travelling expenses of approximately HK\$0.6 million for the four months ended 31 July 2016.

## FINANCIAL INFORMATION

### *Finance costs*

Our finance costs decreased by approximately HK\$1.7 million or 99.1% from approximately HK\$1.7 million for the four months ended 31 July 2015 to approximately HK\$15,000 for the four months ended 31 July 2016. The decrease was mainly attributable to the decrease in the interest-bearing loans for our Group.

### *Share of profits and losses of a joint venture*

Our share of profits and losses of a joint venture decreased significantly by approximately HK\$11.2 million or 86.8% from a share of profits of approximately HK\$12.9 million for the four months ended 31 July 2015 to a share of profits of approximately HK\$1.7 million for the four months ended 31 July 2016. The decrease was mainly attributable to the substantial completion of the construction project operated by Leighton-Able JV.

### *Income tax*

Our income tax expenses decreased by approximately HK\$1.1 million or 16.2% from approximately HK\$6.8 million for the four months ended 31 July 2015 to approximately HK\$5.7 million for the four months ended 31 July 2016 which is consistent with the decrease in our profit before taxation for the four months ended 31 July 2016 as compared to four months ended 31 July 2015. Details of the income tax expenses for each of four months ended 31 July 2015 and 2016 are set out under the section headed “Financial Information — Principal Components of Results of Operations — Income tax” in this prospectus.

### *Effective Tax Rate*

Our Group’s effective tax rate increased significantly from approximately 12.5% for the four months ended 31 July 2015 to approximately 15.5% for the four months ended 31 July 2016 which was mainly due to the share of profits of a joint venture noted for the four months ended 31 July 2015. Excluding the share of profits and losses of a joint venture, the effective tax rate remained stable at 16.4% and 16.3% respectively for the four months ended 31 July 2015 and 2016 which is consider to be close to the Hong Kong profit tax rate.

### *Profit and total comprehensive income attributable to equity shareholders of our Company*

As a result of the foregoing, our profit and total comprehensive income attributable to equity shareholders of our Company decreased by approximately HK\$16.5 million or 34.8%, from approximately HK\$47.4 million for the four months ended 31 July 2015 to approximately HK\$30.9 million for the four months ended 31 July 2016. The decrease was mainly attributed to (i) our gross profit decline of approximately HK\$9.3 million for the four months ended 31 July 2016 and (ii) the decrease in share of profits and losses of a joint venture of approximately HK\$11.2 million as discussed above.



## FINANCIAL INFORMATION

### Year ended 31 March 2016 compared to year ended 31 March 2015

#### *Revenue*

Our revenue increased by approximately HK\$385.6 million, or 18.2%, from approximately HK\$2,117.4 million for the year ended 31 March 2015 to approximately HK\$2,502.9 million for the year ended 31 March 2016. The aforesaid increase was mainly attributable to the significant increase in revenue derived from our building construction works which was primarily due to (i) the increase in revenue recognised by approximately HK\$660.6 million for Project A7; and (ii) the increase in revenue recognised by approximately HK\$156.4 million for Project A11, as a greater portion of these projects were completed during the year ended 31 March 2016 and contributed revenue of approximately HK\$1,482.4 million for the aforementioned year, while only approximately HK\$665.4 million were recognised for the year ended 31 March 2015.

Such increase in revenue during the year ended 31 March 2016 was partially offset by the (i) decrease in building construction works revenue recognised from Project A1 and Project A10 by approximately HK\$234.7 million in aggregate, which had a substantial portion of work completed during the year ended 31 March 2015, with approximately HK\$421.6 million in aggregate of revenue recognised during the year ended 31 March 2015 and only approximately HK\$187.0 million in aggregate of revenue recognised during the year ended 31 March 2016; and (ii) the decrease in RMAA works revenue recognised from Project B4 by approximately HK\$70.9 million which was completed in the last quarter of 2015 and had a substantial portion of work completed during the year ended 31 March 2015 with approximately HK\$138.7 million of revenue recognised during the year ended 31 March 2015 and only approximately HK\$67.9 million of revenue recognised during the year ended 31 March 2016.

Our revenue from RMAA works decreased significantly by approximately HK\$327.4 million, or 40.5%, from approximately HK\$807.5 million for the year ended 31 March 2015 to approximately HK\$480.1 million the year ended 31 March 2016 mainly due to the decrease in aggregate revenue recognised by Project B2, Project B4, Project B5, Project B8 and Project B11 which were completed during the two years ended 31 March 2016.

Our revenue from private sector increased significantly by approximately HK\$759.4 million, or 64.5%, from approximately HK\$1,176.9 million for the year ended 31 March 2015 to approximately HK\$1,936.3 million the year ended 31 March 2016 mainly due to the increase in revenue recognised by approximately HK\$660.6 million for Project A7.

Further details of the aforesaid projects are set out in the section headed “Business — Our Projects” in this prospectus.

## FINANCIAL INFORMATION

### *Contract costs*

Our contract costs increased by approximately HK\$206.5 million or approximately 10.3%, from approximately HK\$1,997.7 million for the year ended 31 March 2015 to approximately HK\$2,204.2 million for the year ended 31 March 2016. Such increase was primarily due to (i) the increase in our subcontracting charges of approximately HK\$162.4 million, or 9.9%, from approximately HK\$1,644.7 million for the year ended 31 March 2015 to approximately HK\$1,807.1 million for the year ended 31 March 2016; (ii) the increase in material costs by approximately HK\$14.8 million, or 8.0%, from approximately HK\$185.6 million for the year ended 31 March 2015 to approximately HK\$200.5 million for the year ended 31 March 2016; and (iii) the increase in direct labour costs by approximately HK\$13.4 million, or 14.8% from approximately HK\$90.7 million for the year ended 31 March 2015 to approximately HK\$104.1 million for the year ended 31 March 2016.

### *Gross profit and gross profit margin*

Our gross profit increased by approximately HK\$179.1 million or 149.7% from approximately HK\$119.6 million for the year ended 31 March 2015 to approximately HK\$298.7 million for the year ended 31 March 2016, while our gross profit margin increased significantly from approximately 5.7% for the year ended 31 March 2015 to approximately 11.9% for the year ended 31 March 2016 which was due to the increase of our gross profit margin from both (i) our building construction works and RMAA works; and (ii) our public sector and private sector.

#### *(i) Gross profit margin of building construction projects*

Gross profit margin of our building construction works increased from approximately 4.2% for the year ended 31 March 2015 to approximately 12.1% for the year ended 31 March 2016. The increase in our gross profit margin from our building construction works for the year ended 31 March 2016 was primarily attributable to Project A7 which has a higher profit margin as compared to our other building construction projects. The aforementioned project contributed approximately 50.3% of our total revenue from building construction works for the year ended 31 March 2016 and only amounted to approximately 27.3% of our total revenue from our building construction works for the year ended 31 March 2015. Our gross profit from our building construction works for the year ended 31 March 2015 was primarily attributable to Project A10 and Project A11 which have a lower profit margin as compared to Project A7 and amounted to approximately 43.6% of our total revenue from building construction works for the year ended 31 March 2015 and only amounted to approximately 31.2% of our total revenue from building construction works for the year ended 31 March 2016. The higher profit margin from Project A7 is mainly due to the efficiency of our subcontractors and better overall project management which enabled us to complete the project ahead of our budgeted project period and thus less budgeted costs were incurred.

## FINANCIAL INFORMATION

### *(ii) Gross profit margin of RMAA projects*

Gross profit margin of our RMAA works increased from approximately 8.0% for the year ended 31 March 2015 to approximately 11.1% for the year ended 31 March 2016. The increase in our gross profit margin from our RMAA works in the year ended 31 March 2016 was primarily attributable to two of our RMAA projects, namely Project B4 and Project B5. The reason for the higher gross profit margin noted in the latter stages of these project has been discussed in earlier parts of this section.

### *(iii) Gross profit margin from the public sector*

Gross profit margin from the public sector increased from approximately 5.4% for the year ended 31 March 2015 to approximately 9.6% for the year ended 31 March 2016. The increase in gross profit margin from the public sector for the year ended 31 March 2016 was primarily attributable to the two of our RMAA projects, namely Project B4 and B5. The reason for higher gross profit margin from these projects has been discussed in earlier parts of this section.

### *(iv) Gross profit margin from the private sector*

Gross profit margin from the private sector increased significantly from approximately 5.9% for the year ended 31 March 2015 to approximately 12.6% for the year ended 31 March 2016. The increase in gross profit from the private sector for the year ended 31 March 2016 was primarily attributable to Project A7, the major contributor in gross profit from the private sector for the year ended 31 March 2016, which has a higher profit margin as compared to Project A11, the major contributor in gross profit from the private sector for the year ended 31 March 2015. The reason for the higher profit margin for Project A7 has been discussed in earlier parts of this section.

### ***Other income and gains, net***

Our other income and gains, net increased by approximately HK\$1.4 million or 71.0% from approximately HK\$1.9 million for the year ended 31 March 2015 to approximately HK\$3.3 million for the year ended 31 March 2016. Such increase in other income and gains, net was mainly attributable to the increase in interest income from approximately HK\$1.8 million for the year ended 31 March 2015 to approximately HK\$2.6 million for the year ended 31 March 2016.

## FINANCIAL INFORMATION

### *Administrative expenses*

Our administrative expenses increased by approximately HK\$11.8 million or 25.6% from approximately HK\$46.2 million for the year ended 31 March 2015 to approximately HK\$58.1 million for the year ended 31 March 2016, primarily due to the increase in management fees of approximately HK\$9.2 million for the year ended 31 March 2016.

### *Finance costs*

Our finance costs decreased by approximately HK\$2.1 million or 45.4% from approximately HK\$4.6 million for the year ended 31 March 2015 to approximately HK\$2.5 million for the year ended 31 March 2016. The decrease was mainly attributable to the decrease in the interest-bearing bank loans for our Group.

### *Share of profits and losses of a joint venture*

Our share of profits and losses of a joint venture decreased significantly by approximately HK\$9.8 million or 101.1% from a share of profits of approximately HK\$9.7 million for the year ended 31 March 2015 to a share of losses of approximately HK\$0.1 million for the year ended 31 March 2016. The decrease was mainly attributable to the delay in completion of one of the project Leighton-Able JV is principally involved in.

### *Income tax*

Our income tax expenses increased significantly by approximately HK\$27.8 million or 239.0% from approximately HK\$11.6 million for the year ended 31 March 2015 to approximately HK\$39.4 million for the year ended 31 March 2016 which was consistent with the increase in our profit before taxation for the year ended 31 March 2016 as compared to 31 March 2015. Details of the income tax expenses for each of the year ended 31 March 2015 and 2016 are set out under the section headed “Financial Information — Principal Components of Results of Operations — Income tax” in this prospectus.

### *Effective Tax Rate*

Our Group’s effective tax rate increased significantly from approximately 14.5% for the year ended 31 March 2015 to approximately 16.3% for the year ended 31 March 2016 which was mainly due to the share of profits of a joint venture noted for the year ended 31 March 2015. Excluding the share of profits and losses of a joint venture, the effective tax rate remained stable at 16.5% and 16.3% respectively for the year ended 31 March 2015 and 2016 which is consider to be close to the Hong Kong profit tax rate.

## FINANCIAL INFORMATION

### *Profit and total comprehensive income attributable to equity shareholders of our Company*

As a result of the foregoing, our profit and total comprehensive income attributable to equity shareholders of our Company increased by approximately HK\$133.2 million or 193.9%, from approximately HK\$68.7 million for the year ended 31 March 2015 to approximately HK\$201.9 million for the year ended 31 March 2016. The increase was mainly attributed to our gross profit growth of approximately HK\$179.1 million for the years ended 31 March 2016 as discussed above.

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

#### *Revenue*

Our revenue decreased by approximately HK\$586.5 million, or 21.7%, from approximately HK\$2,703.9 million for the year ended 31 March 2014 to approximately HK\$2,117.4 million for the year ended 31 March 2015. The aforesaid decrease was mainly attributable to the decrease in revenue derived from our building construction works and RMAA works which was primarily due to (i) the decrease in revenue recognised by approximately HK\$961.0 million in aggregate from two of our building construction projects, namely Project A1 and Project A3, as a substantial portion of work was completed which resulted with approximately HK\$1,120.3 million of revenue being recognised during the year ended 31 March 2014, while only approximately HK\$159.3 million of revenue was recognised for the year ended 31 March 2015; and (ii) the decrease in revenue recognised by approximately HK\$297.1 million in aggregate for four of our RMAA projects, namely Project B1, Project B2, Project B3 and Project B7, which had a greater portion of the project completed during the year ended 31 March 2014 and contributed revenue of approximately HK\$440.0 million for the aforementioned year, while only approximately HK\$142.9 million was recognised for the year ended 31 March 2015.

Such decrease in revenue during the year ended 31 March 2015 was partially offset by the (i) increase in building construction works revenue recognised by approximately HK\$441.3 million in aggregate from Project A6 and A7, which had a substantial portion of work completed during the year ended 31 March 2015. Since the aforementioned projects had yet to be commenced during the year ended 31 March 2014, no revenue was recognised for that year; and (ii) the increase in building construction works revenue recognised from Project A10 and A11 by approximately HK\$460.6 million in aggregate, which had a substantial portion of work completed during the year ended 31 March 2015, with approximately HK\$571.3 million in aggregate of revenue recognised during the year ended 31 March 2015, while only approximately HK\$110.7 million in aggregate of revenue is recognised during the year ended 31 March 2014.

## FINANCIAL INFORMATION

Our revenue from public sector decreased significantly by approximately HK\$553.1 million, or 37.0%, from approximately HK\$1,493.6 million for the year ended 31 March 2015 to approximately HK\$940.5 million the year ended 31 March 2016 mainly due to the decrease in revenue recognised by approximately HK\$485.6 million for Project A3 and Project A4, and by approximately HK\$129.1 million in aggregate for Project B1-B5 and Project B7-B11.

Further details of the aforesaid projects are set out in the section headed “Business — Our Projects” in this prospectus.

### *Contract costs*

Our contract costs decreased by approximately HK\$602.0 million or approximately 23.2%, from approximately HK\$2,599.7 million for the year ended 31 March 2014 to approximately HK\$1,997.7 million for the year ended 31 March 2015. Such decrease was primarily due to (i) our subcontracting charges decreased by approximately HK\$582.6 million, or 26.2%, from approximately HK\$2,227.3 million for the year ended 31 March 2014 to approximately HK\$1,644.7 million for the year ended 31 March 2015; and (ii) the decrease in other contract costs by approximately HK\$22.5 million, or 22.7% from approximately HK\$99.2 million for the year ended 31 March 2014 to approximately HK\$76.7 million for the year ended 31 March 2015. Such decrease was net off by the increase in material costs by approximately HK\$8.5 million, or 4.8%, from approximately HK\$177.1 million for the year ended 31 March 2014 to approximately HK\$185.6 million for the year ended 31 March 2015.

### *Gross profit and gross profit margin*

Our gross profit increased by approximately HK\$15.4 million or 14.8% from approximately HK\$104.2 million for the year ended 31 March 2014 to approximately HK\$119.6 million for the year ended 31 March 2015, while our gross profit margin slightly increased from approximately 3.9% for the year ended 31 March 2014 to approximately 5.7% for the year ended 31 March 2015 which was mainly attributable to the net effect of (i) our increase in gross profit margin for our building construction works and the decrease in gross profit margin for our RMAA works; and (ii) our decrease in gross profit margin from our public sector and increase in gross profit margin from our private sector.

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*(i) Gross profit margin of building construction projects*

Gross profit margin of our building construction works increased from approximately 1.7% for the year ended 31 March 2014 to approximately 4.2% for the year ended 31 March 2015. The relatively low gross profit margin recorded from our building construction services for the year ended 31 March 2014 was mainly due to the low profit margin for Project A1 which contributed approximately 48.2% of our total revenue from building construction works for the year ended 31 March 2014 and only contributed approximately 12.1% of our total revenue from building construction works for the year ended 31 March 2015. The customer for the aforementioned project is Excel Engineering Company Limited, a wholly-owned subsidiary of Excel Development (Holdings) Limited, which was a subsidiary of Vantage until 5 June 2015 before the major transaction between Vantage and an Independent Third Party. The aforementioned project commenced in August 2011 where its pricing represents an intra-group arrangement and therefore a lower profit margin was budgeted for Able Contractors.

The increase in our gross profit margin from our building construction works for the year ended 31 March 2015 was primarily attributable to two of our projects which had a higher profit margin compared to most of our other building construction projects for the year ended 31 March 2014, namely Project A10 and Project A11, which contributed approximately 43.6% of our total revenue from building construction works for the year ended 31 March 2015 and only approximately 7.0% of our total revenue from building construction works for the year ended 31 March 2014. This was mainly due to the higher margins charged by our Group which are successfully negotiated and accepted by our customers.

*(ii) Gross profit margin of RMAA projects*

Gross profit margin of our RMAA works remained stable at approximately 6.8% for the year ended 31 March 2014 and approximately 8.0% for the year ended 31 March 2015.

*(iii) Gross profit margin from the public sector*

Gross profit margin from the public sector remained stable at approximately 6.7% for the year ended 31 March 2014 and approximately 5.4% for the year ended 31 March 2015.

*(iv) Gross profit margin from the private sector*

Gross profit margin from the private sector increased significantly from approximately 0.3% for the year ended 31 March 2014 to approximately 5.9% for the year ended 31 March 2015. The reason for the low gross profit margin recorded for the private sector is mainly due to the low profit margin for Project A1, which contributed most of the revenue from the private sector for the year ended 31 March 2014, which was discussed in the earlier parts of this section.

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The increase in our gross profit margin from the private sector for the year ended 31 March 2015 was primarily attributable to Project A7 and Project A11 which had a much higher profit margin as compared to Project A1. The reason for the higher gross profit margin for these projects has been discussed in earlier parts of this section.

### *Other income and gains, net*

Our other income and gains, net decreased by approximately HK\$1.9 million or 49.3% from approximately HK\$3.8 million for the year ended 31 March 2014 to approximately HK\$1.9 million for the year ended 31 March 2015. Such decrease in other income was mainly attributable to the decrease in interest income from our fixed deposits from approximately HK\$3.4 million for the year ended 31 March 2014 to approximately HK\$1.8 million for the year ended 31 March 2015.

### *Administrative expenses*

Our administrative expenses increased by approximately HK\$0.9 million or 2.1% from approximately HK\$45.3 million for the year ended 31 March 2014 to approximately HK\$46.2 million for the year ended 31 March 2015, primarily due to the increase in travelling expenses of approximately HK\$3.2 million for the year ended 31 March 2015 which mainly represents the travelling expenses to overseas for staffs as a reward for their contribution to our business. Such increase was partially net off by the decrease in management fee of approximately HK\$2.7 million.

### *Finance costs*

Our finance costs increased by approximately HK\$2.4 million or 103.8% from approximately HK\$2.3 million for the year ended 31 March 2014 to approximately HK\$4.6 million for the year ended 31 March 2015. The increase was mainly attributable to the increase in the interest-bearing bank loans for our Group.

### *Share of profits and losses of a joint venture*

Our share of profits and losses of a joint venture increased by approximately HK\$1.9 million or 24.3% from a share of profit of approximately HK\$7.8 million for the year ended 31 March 2014 to approximately HK\$9.7 million for the year ended 31 March 2015. The increase was mainly attributable to the increase in the portion of work performed for one of the substantial projects of Leighton-Able JV which was also completed during the year ended 31 March 2015.



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### *Income tax*

Our income tax expenses increased by approximately HK\$1.7 million or 17.6% from approximately HK\$9.9 million for the year ended 31 March 2014 to approximately HK\$11.6 million for the year ended 31 March 2015. Such increase was mainly due to the increase in profit before tax of approximately HK\$12.1 million for the year ended 31 March 2015. Details of the income tax expenses for each of the year ended 31 March 2014 and 2015 are set out under the section headed “Financial Information — Principal Components of Results of Operations — Income tax” in this prospectus.

### *Effective Tax Rate*

Our Group’s effective tax rate remained stable at 14.5% for the year ended 31 March 2014 and 2015. The effective tax rate for the years ended 31 March 2014 and 2015 was considerably lower than the Hong Kong profit tax rate which was mainly due to the share of profits of a joint venture noted in the respective years. Excluding the share of profits of a joint venture, the effective tax rate for the years ended 31 March 2014 and 2015 remained stable at approximately 16.4% and 16.5% respectively which is close to the Hong Kong profit tax rate.

### *Profit and total comprehensive income attributable to equity shareholders of our Company*

As a result of the foregoing, our profit and total comprehensive income attributable to equity shareholders of our Company increased by approximately HK\$10.4 million or 17.8%, from approximately HK\$58.3 million for the year ended 31 March 2014 to approximately HK\$68.7 million for the year ended 31 March 2015. The increase was mainly attributable to our increment of gross profit of approximately HK\$15.4 million during the year ended 31 March 2015 as discussed above.

## LIQUIDITY AND CAPITAL RESOURCES

Our Group had met its liquidity requirements principally through a combination of internal resources, advances from related parties and bank borrowings during the Track Record Period. Our Group’s principal uses of cash have been, and are expected to continue to be, for our operational costs. Upon Listing, our sources of funds will be a combination of internal generated funds, bank borrowings and net proceeds from the Share Offer. As at the Latest Practicable Date, we had not experienced any difficulty in raising funds by bank borrowings and we had not experienced any liquidity problems in settling our payables in the normal course of business and repaying our bank borrowings when they fall due.

## FINANCIAL INFORMATION

### Cash flows

The following table sets forth a summary of our cash flows for the years indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cash and cash equivalents at the beginning of the year	229,851	231,407	412,457	412,457	1,084,818
Net cash flows from/(used in) operating activities	138,767	142,973	251,214	(16,297)	(150,859)
Net cash flows from/(used in) investing activities	(256,390)	(32,888)	583,535	416,330	(1,166)
Net cash flows from/(used in) financing activities	119,179	70,965	(162,388)	31,483	(450,340)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>1,556</u>	<u>181,050</u>	<u>672,361</u>	<u>431,516</u>	<u>(602,365)</u>
 Cash and cash equivalents at the end of the year	 <u>231,407</u>	 <u>412,457</u>	 <u>1,084,818</u>	 <u>843,973</u>	 <u>482,453</u>

### Operating cash flows before movements in working capital

During the Track Record Period, our operating cash flows before movements in working capital represented profit before taxation for the year, adjustment for depreciation for property, plant and equipment, gain on disposal of property, plant and equipment, share of profits and losses of a joint venture, interest income and finance costs.

For the year ended 31 March 2016, we had cash flows before movements in working capital of approximately HK\$243.0 million. Such amount was mainly derived from our profit before taxation of approximately HK\$241.3 million, positively adjusted for (i) depreciation of approximately HK\$1.8 million; and (ii) finance costs of approximately HK\$2.5 million; and negatively adjusted for the interest income of approximately HK\$2.6 million.

For the year ended 31 March 2015, we had cash flows before movements in working capital of approximately HK\$75.1 million. Such amount was mainly derived from our profit before taxation of approximately HK\$80.3 million, positively adjusted for (i) depreciation of approximately HK\$1.6 million; and (ii) finance costs of approximately HK\$4.6 million; and negatively adjusted for the (i) share of profits of a joint venture of approximately HK\$9.7 million; and (ii) interest income of approximately HK\$1.8 million.

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For the year ended 31 March 2014, we had cash flows before movements in working capital of approximately HK\$61.1 million. Such amount was mainly derived from our profit before taxation of approximately HK\$68.2 million, positively adjusted for (i) depreciation of approximately HK\$1.8 million; and (ii) finance costs of approximately HK\$2.3 million; and negatively adjusted for the (i) share of profits of a joint venture of approximately HK\$7.8 million; and (ii) interest income of approximately HK\$3.4 million.

For the four months ended 31 July 2016, we had cash flows before movements in working capital of approximately HK\$34.7 million. Such amount was mainly derived from our profit before taxation of approximately HK\$36.5 million, positively adjusted for depreciation of approximately HK\$0.9 million and negatively adjusted for the (i) share of profits of a joint venture of approximately HK\$1.7 million; and (ii) interest income of approximately HK\$1.0 million.

### **Net cash flows from operating activities**

Our cash flows from operating activities is primarily related to the receipt of payments from our customers. Cash used in operating activities are principally for our contract costs which mainly represents the cost incurred and paid to third party subcontractors and suppliers and other operational expenses relating to our operating activities.

Net cash flows generated from operating activities were approximately HK\$251.2 million for the year ended 31 March 2016. Such amount was mainly derived from operating cash flows before movements in working capital of approximately HK\$243.0 million, positively adjusted for the decrease in accounts receivables by approximately HK\$112.5 million; and negatively adjusted for (i) the increase in gross amount due from customers for contract work by approximately HK\$61.0 million; and (ii) the decrease in accruals of costs for contract work by approximately HK\$33.5 million.

Net cash flows generated from operating activities were approximately HK\$143.0 million for the year ended 31 March 2015. Such amount was mainly derived from operating cash flows before movements in working capital of approximately HK\$75.1 million, positively adjusted for the (i) decrease in gross amount due from customers for contract work by approximately HK\$169.5 million; and (ii) the increase in accruals of costs for contract work by approximately HK\$54.9 million; and negatively adjusted for the increase in accounts receivables by approximately HK\$146.7 million.

Net cash flows generated from operating activities were approximately HK\$138.8 million for the year ended 31 March 2014. Such amount was mainly derived from operating cash flows before movements in working capital of approximately HK\$61.1 million, positively adjusted for the (i) decrease in gross amount due from customers for contract work by approximately HK\$110.5 million; and (ii) the decrease in accounts receivables by approximately HK\$204.3 million; and negatively adjusted for (i) the decrease in amounts due to the Remaining Vantage Group by approximately HK\$120.0 million and (ii) the decrease in accounts and bills payable by approximately HK\$98.8 million.

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Net cash flow used in operating activities were approximately HK\$150.9 million for the four months ended 31 July 2016. Such amount was mainly derived from operating cash flows before movements in working capital of approximately HK\$34.7 million, positively adjusted for the increase in accounts and bills payable by approximately HK\$52.5 million; and negatively adjusted for (i) the increase in gross amount due from customers for contract work by approximately HK\$125.2 million; (ii) the decrease in accruals of costs for contract work by approximately HK\$68.1 million; and (iii) the increase in accounts receivables of HK\$22.9 million.

### **Net cash flows from/(used in) investing activities**

Our investing activities during the Track Record Period was primarily related to our loans made to the Remaining Vantage Group.

Net cash flows generated from investing activities were approximately HK\$583.5 million for the year ended 31 March 2016, which was mainly due to the repayment of loan receivables made to the Remaining Vantage Group of approximately HK\$589.2 million; and partially offset by the addition of property, plant and equipment of approximately HK\$5.9 million.

Net cash flows used in investing activities were approximately HK\$32.9 million for the year ended 31 March 2015, which was mainly due to the advance of loan receivables to the Remaining Vantage Group of approximately HK\$30.8 million.

Net cash flows used in investing activities were approximately HK\$256.4 million for the year ended 31 March 2014, which was mainly due to the advance of loan receivables to the Remaining Vantage Group of approximately HK\$255.7 million.

Net cash flow used in investing activities were approximately HK\$1.2 million for the four months ended 31 July 2016, which was mainly due to the addition of property, plant and equipment of approximately HK\$1.2 million.

### **Net cash flows from/(used in) financing activities**

Our financing activities during the Track Record Period mainly included the proceeds from borrowings and also the repayments of borrowings.

Net cash flows used in financing activities were approximately HK\$162.4 million for the year ended 31 March 2016, which was mainly due to the repayment of bank loans of approximately HK\$192.4 million; and partially offset by the new loans raised from the Remaining Vantage Group of approximately HK\$22.5 million for the year ended 31 March 2016.

Net cash flows generated from financing activities were approximately HK\$71.0 million for the year ended 31 March 2015 due to the new bank loans raised of approximately HK\$332.8 million which was offset by the repayment of bank loans of approximately HK\$275.9 million.

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Net cash flows generated from financing activities were approximately HK\$119.2 million for the year ended 31 March 2014, which was mainly due to the new bank loans raised of approximately HK\$264.0 million and partially offset by the repayment of bank loans of approximately HK\$159.6 million.

Net cash flows used in financing activities were approximately HK\$450.3 million for the four months ended 31 July 2016, which was mainly due to the (i) payment of dividend of approximately HK\$400.0 million; (ii) repayment of loans to the Remaining Vantage Group of approximately HK\$22.5 million and (iii) the decrease in amount due to a joint venture of approximately HK\$26.3 million.

### ANALYSIS OF VARIOUS ITEMS FROM THE COMBINED STATEMENTS OF FINANCIAL POSITION

#### Property, plant and equipment

During the Track Record Period, our Group's property, plant and equipment mainly consist of (i) leasehold improvements; (ii) furniture, fixture and office equipment; (iii) motor vehicles; and (iv) computer equipment. The following table sets out the carrying amounts of each type of plant and equipment of our Group as at each reporting date:

	As at 31 March			As at
	2014	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i> <i>HK\$'000</i>
Leasehold improvements	111	55	–	–
Furniture, fixtures and office equipment	273	102	349	413
Motor vehicles	866	1,728	5,656	5,822
Computer equipment	404	231	209	238
	<u>1,654</u>	<u>2,116</u>	<u>6,214</u>	<u>6,473</u>

As at 31 March 2014, 2015 and 2016 and 31 July 2016, our property, plant and equipment amounted to approximately HK\$1.7 million, HK\$2.1 million, HK\$6.2 million and HK\$6.5 million, respectively. The substantial increase of our property, plant and equipment during the Track Record Period was mainly due to our acquisition of motor vehicles for the (i) replacement of our motor vehicles from the head office and (ii) for the use in our projects.

## FINANCIAL INFORMATION

### Gross amount due from customers for contract work

Our revenue is recognised based on the percentage of completion of the projects. Our Group normally submits progress payment applications to our customers on a monthly basis according to the value of the works done. The percentage of completion is recorded by reference to the progress payment certificates issued by our customers and the respective project value. There is normally a timing difference between the construction costs recorded by reference to the percentage of completion and budgeted construction costs, and the billing from our suppliers and subcontractors. Gross amount due from customers for contract work are related to projects in progress at the end of the reporting period and are recorded at the net amount of contract costs incurred plus recognised profit (or less recognised losses) less progress billings. Furthermore, if the progress payment certificates have been received from our customers after the end of the reporting period but certifying the works performed by us before the end of the reporting period, the respective amounts would be recognised as gross amount due from customers for contract work. As a result, the level of gross amount due from customers for contract work at a given reporting date is also affected by the receipt date of progress payment certificates from our customers and the balance of gross amount due from customers for contract work vary from period to period.

The following table sets forth the gross amount due from customers for contract work as at each reporting date:

	As at 31 March			As at
	2014	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i> <i>HK\$'000</i>
Contract costs incurred plus recognised profits less recognised losses to date	3,931,466	5,944,558	1,556,897	2,379,567
Less: Progress billings	<u>(3,659,451)</u>	<u>(5,842,043)</u>	<u>(1,393,395)</u>	<u>(2,090,897)</u>
	<u>272,015</u>	<u>102,515</u>	<u>163,502</u>	<u>288,670</u>

As at 31 March 2014, 2015 and 2016 and 31 July 2016, our gross amount due from customers for contract work amounted to approximately HK\$272.0 million, HK\$102.5 million, HK\$163.5 million and HK\$288.7 million, respectively. The gross amount due from customers for contract work are usually affected by the volume and value of the construction works we performed close to the end of each reporting period and the timing of receiving the progress payment certificates, and thus vary from period to period.

## FINANCIAL INFORMATION

### Accounts receivable

Our accounts receivable represented the receivables for contract work. The payment terms of the contract work receivables are stipulated in the relevant contracts. Our accounts receivable represents our (i) trade debtors and; (ii) retention receivables in relation to completed and on-going projects.

The following table sets out the composition of account receivables as at each reporting date:

	As at 31 March			As at
	2014	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors				
– Third Parties	76,428	188,309	115,827	153,824
– Due from the Remaining Vantage Group	47,461	31,784	45,226	18,800
	123,889	220,093	161,053	172,624
Retention receivables				
– Third Parties	58,379	127,650	135,107	146,195
– Due from the Remaining Vantage Group	81,364	62,572	1,654	1,881
	139,743	190,222	136,761	148,076
	263,632	410,315	297,814	320,700

### *Trade debtors*

Trade debtors represent progress billing of work performed by us and the progress payment certificates issued by and received from our customers. In general, we submit an interim payment application to our customer on a monthly basis with details relating to the amount of work done. Once we have provided our interim payment application to our customer, the application would be reviewed and verified by the authorised representative (who is usually the architect or quantity surveyor employed by the customers) before the customer issue a progress payment certificate, certifying the work progress in the preceding month. Our customers are normally required to make payments to us within 21 to 30 days in general from the date of the progress payment certificate. Further details of progress payment are set out in the section headed “Business — Key Project Terms” in this prospectus.

## FINANCIAL INFORMATION

As at 31 March 2014, 2015 and 2016 and 31 July 2016, the balance of our trade debtors was approximately HK\$123.9 million, HK\$220.1 million, HK\$161.1 million and HK\$172.6 million, respectively. The level of our trade debtors is principally affected by the amount of the progress payment certificate received from our customer before the end of the reporting period.

Our trade debtors increased by approximately HK\$96.2 million or 77.6% from approximately HK\$123.9 million as at 31 March 2014 to approximately HK\$220.1 million as at 31 March 2015 which was mainly attributable to the high level of progress payment receivable in relation to our newly commenced project, namely Project A7, which had substantial work progress for the year ended 31 March 2015.

Our trade debtors decreased by approximately HK\$59.0 million or 26.8% from approximately HK\$220.1 million as at 31 March 2015 to approximately HK\$161.1 million as at 31 March 2016 which was mainly attributable to the completion of the Project A7 in March 2016.

Our trade debtors increased by approximately HK\$11.6 million or 7.2% from approximately HK\$161.1 million as at 31 March 2016 to approximately HK\$172.6 million as at 31 July 2016 which was mainly due to our newly commenced project, namely Project A15, which had a greater amount of work progress for the four months ended 31 July 2016.

The following table sets forth the turnover days of trade debtors (calculated as the average of beginning and ending balances of total trade debtors divided by revenue for the period and multiplied by the number of days in the period, i.e. 365 days) for the financial period indicated:

	<b>For the year ended 31 March</b>			<b>For the four months ended 31 July 2016</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2016</b>
Average trade debtors turnover days	30.3	29.6	27.8	37.5

Our average trade debtors turnover days were approximately 30.3 days, 29.6 days, and 27.8 days for the three years ended 31 March 2016, respectively. The relatively slow and stable average trade debtors turnover days was primarily attributable to the high credibility of our customers and our efforts in maintaining a rigorous credit control. Our average trade debtors days increased from 27.8 days for the year ended 31 March 2016 to 37.5 days for the four months ended 31 July 2016, which fell outside of our normal credit period. The increment was mainly due to the delay of payments from one of our major customer. The aforementioned amount was fully settled as at 30 November 2016.



<b>FINANCIAL INFORMATION</b>
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The following table sets out the ageing analysis of the trade debtors as at each reporting date:

	As at 31 March			As at
	2014	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i> <i>HK\$'000</i>
Past due but not impaired:				
One to three months past due	18,102	–	34,393	57,400
Four to six months past due	–	–	–	–
Seven to twelve months past due	–	26,132	–	–
Over one year past due	–	8,260	26,132	–
	18,102	34,392	60,525	57,400
Neither past due nor impaired	105,787	185,701	100,528	115,224
	123,889	220,093	161,053	172,624

As at 31 March 2014, 2015 and 2016 and 31 July 2016 our trade debtors of approximately HK\$18.1 million, HK\$34.4 million, HK\$60.5 million and HK\$57.4 million were past due but not impaired, respectively. It should be noted that these balances relate to a number of independent customers that have a good track record with our Group. Based on past experience, our Directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Approximately HK\$168.3 million or 97.4% of the trade debtors as at 31 July 2016 were subsequently settled as at 30 November 2016. In particular, all of the trade debtors balance due from the Remaining Vantage Group as at 31 July 2016 were subsequently settled as at 30 November 2016.

## FINANCIAL INFORMATION

### *Retention receivables*

Retention receivables represent the retention monies required by our customers to secure our Group's due performance of the contracts. Typically, the amount of retention money depends on negotiation between the parties, which ranges from 1% to 10% of each interim payment made to us and subject to a maximum limit of 5% of the total contract sum. Generally, the first half of the retention money is released upon practical completion and the second half of the retention money is released to us upon expiry of the defect liability period. There is no retention money policy for our RMAA term contracts.

Our retention receivables amounted to approximately HK\$139.7 million, HK\$190.2 million, HK\$136.8 million and HK\$148.1 million as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. As at 31 July 2016, the retention receivables were mainly associated with the building construction projects, namely Project A7 and Project A10. The release of the retention receivables will be subject to practical completion of our works and the expiration of the defect liability period.

The following table sets out the ageing analysis of retention receivables as at each reporting date:

	As at 31 March			As at
	2014	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i> <i>HK\$'000</i>
Past due but not impaired:				
One to three months past due	4,258	–	1,654	227
Four to six months past due	1,516	4,058	–	1,544
Seven to twelve months past due	4,322	–	–	110
Over one year past due	3,791	–	4,058	4,058
	13,887	4,058	5,712	5,938
Neither past due nor impaired	125,856	186,164	131,049	142,138
	139,743	190,222	136,761	148,076

We expect all outstanding retention monies to be released pursuant to the terms of the respective contracts. As at 30 November 2016, HK\$6.5 million recorded as at 31 July 2016 has been released to us.

## FINANCIAL INFORMATION

### Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly consists of (i) prepayments which mainly represents the prepayments made for the insurance for our employees' compensation insurance and contractors' all risks insurance for our projects and (ii) deposits and other receivables which mainly represents our rental, utility and water disposal deposits.

The following table sets out the composition of prepayments, deposits and other receivables as at each reporting date:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	25,686	23,308	8,668	18,374
Deposits and other receivables	5,823	4,179	4,071	6,017
	31,509	27,487	12,739	24,391

As at 31 March 2014, 2015 and 2016 and 31 July 2016, our prepayments, deposits and other receivables amounted to approximately HK\$31.5 million, HK\$27.5 million, HK\$12.7 million and HK\$24.4 million, respectively. Our prepayments, deposits and other receivables decreased by approximately HK\$4.0 million to approximately HK\$27.5 million as at 31 March 2015 and further decreased by approximately HK\$14.7 million to approximately HK\$12.7 million as at 31 March 2016 mainly due to decrease in prepayments made for our insurance as more favorable terms were negotiated with our insurance providers. Our prepayments, deposits and other receivables increased by approximately HK\$11.7 million to approximately HK\$24.4 million as at 31 July 2016 mainly due to the (i) increase in prepayments made for our insurance for our new projects; and the (ii) increase in prepayment for our listing fee.

### Loans to the Remaining Vantage Group

As at 31 March 2014, 2015 and 2016 and 31 July 2016, our loans to the Remaining Vantage Group amounted to approximately HK\$558.4 million, HK\$589.2 million, nil and nil, respectively which borne interest at rates with reference to HIBOR. Please refer to the section headed "Financial Information — Analysis of Various Items from the Combined Statements of Financial Position — Balances with related parties" in this prospectus for further details.

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### Accounts and bills payable

Our accounts and bills payable are primarily related to the purchase of materials, and works performed by subcontractors and retention payables in relation to subcontractors for completed and on-going projects.

The following table sets out the composition of accounts and bills payables as at each reporting date:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills payables	310,776	299,713	257,177	300,902
Retention payables	122,011	129,859	159,659	168,407
	432,787	429,572	416,836	469,309

### *Trade and bills payables*

Different credit terms are granted to us by our suppliers and subcontractors. Our suppliers and subcontractors, on average, grant us a credit period of 30 to 90 days upon the issue of invoice.

Our trade and bills payables balance remained stable throughout the Track Record Period.

The following table sets forth the turnover days of trade and bill payables (calculated as the average of beginning and ending balances of trade payables divided by contract costs for the period and multiplied by the number of days in the period, i.e. 365 days) for the financial period indicated:

	For the year ended 31 March			For the four months ended 31 July
	2014	2015	2016	2016
	Average trade and bill payables turnover days	50.7	55.8	46.1

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Our average trade and bill payables turnover days were approximately 50.7 days, 55.8 days, 46.1 days and 71.0 days for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. As our business operates on a non-recurring and project-by-project basis, our contract costs incurred during the three years ended 31 March 2016 and the four months ended 31 July 2016 may fluctuate subject to the size and the progress of our respective projects at a given time thereby affecting our trade and bill payables balance and average trade and bill payables turnover days as at the end of each reporting period.

Our average trade and bill payables turnover days remained low during the Track Record Period. Our average trade and bill payables turnover day remained stable and within our normal credit period for the year ended 31 March 2014 and 2015. The decrease in average trade payables turnover days from approximately 55.8 days for the year ended 31 March 2015 to approximately 46.1 days for the year ended 31 March 2016 is mainly due to our Group's strategy to adopt a quicker approach in settling our payments to our subcontractors in view of their established business relationship with us. Our average trade payables turnover days remains within our normal credit period for the four months ended 31 July 2016, but increased significantly from 46.1 days for the year ended 31 March 2016 to 71.0 days for the four months ended 31 July 2016. The increment is mainly due to (i) on-going negotiation with contracting parties of certain projects regarding the amount of final payment and/or claims; and (ii) substantial upfront costs incurred for certain newly commenced building construction projects, namely Project A14 and Project A15.

The following table sets out the ageing analysis of trade and bills payables based on the invoice date as at each reporting date:

	As at 31 March			As at
	2014	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i> <i>HK\$'000</i>
Within 3 months	288,380	277,246	239,472	274,272
4 to 6 months	6,543	12,182	3,490	16,354
Over 6 months	15,853	10,285	14,215	10,276
	310,776	299,713	257,177	300,902

### *Retention payables*

Retention payables represent money withheld by us when making interim payment to some of our subcontractors. Such requirement is the one of the terms of our standard contract with our subcontractors. The retention money is usually 1% to 10% of each interim payment paid to our subcontractors and subject to a maximum limit of 5% of the total contract sum. The retention payables amounted to approximately HK\$122.0 million, HK\$129.9 million, HK\$159.7 million and HK\$168.4 million as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively, representing an increasing trend resulted from the increase in amount of works subcontracted to our subcontractors to cope with our revenue growth over the Track Record Period.

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The following table sets out the ageing analysis of retention payables based on the invoice date as at each reporting date:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	7,136	10,798	14,632	14,592
4 to 6 months	8,153	6,816	8,958	14,308
Over 6 months	<u>106,722</u>	<u>112,245</u>	<u>136,069</u>	<u>139,507</u>
	<u>122,011</u>	<u>129,859</u>	<u>159,659</u>	<u>168,407</u>

Our Directors confirm that our Group had no default in payment of trade payables during the three years ended 31 March 2016 and the four months ended 31 July 2016.

As at 30 November 2016, approximately HK\$284.2 million or approximately 60.6% of accounts and bills payables as at 31 July 2016 were subsequently paid.

### Other payables and accruals

Our other payables and accruals mainly represent the accrued expenses such as wages, professional fees and other miscellaneous payables. As at 31 March 2014, 2015 and 2016 and 31 July 2016, other payables and accruals amounted to approximately HK\$12.2 million, HK\$12.4 million, HK\$16.6 million and HK\$17.5 million, respectively.

The following table sets out the composition of our other payables and accruals as at each reporting date:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables	11,318	11,607	15,104	16,781
Accruals	<u>868</u>	<u>826</u>	<u>1,491</u>	<u>752</u>
	<u>12,186</u>	<u>12,433</u>	<u>16,595</u>	<u>17,533</u>

## FINANCIAL INFORMATION

Our other payables and accruals remained stable as at 31 March 2014 and 31 March 2015.

Our other payables and accruals increased by approximately HK\$4.2 million to approximately HK\$16.6 million as at 31 March 2016 which is mainly due to (i) the increase in prepaid expenses which mainly represent expenses borne by us and paid on behalf by our subcontractors of approximately HK\$1.9 million; and (ii) the increase in accrued salaries and MPF payable to staff of approximately HK\$1.6 million which is mainly due to the increase of staffs employed for our Group. Our other payables and accruals further increased by approximately HK\$0.9 million as at 31 July 2016 which is mainly due to increase in accrued salaries and MPF payable to staff of HK\$1.7 million due to the further increase of staffs employed for our Group.

### **Amounts due to a joint venture**

Our amounts due to a joint venture represents the amounts due to Leighton-Able JV which is unsecured, interest-free and has no fixed terms of repayment. Please refer to the section headed “Financial Information — Analysis of Various Items from the Combined Statements of Financial Position — Balances with related parties” in this prospectus for further details.

### **Loans from the Remaining Vantage Group**

As at 31 March 2016, our loans from the Remaining Vantage Group amounted to approximately HK\$22.5 million which borne interest at rates with reference to HIBOR. Please refer to the section headed “Financial Information — Analysis of Various Items from the Combined Statements of Financial Position — Balances with related parties” in this prospectus for further details.

### **Interest-bearing bank loans**

As at 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016, our interest-bearing bank loans amounted to approximately HK\$138.1 million, HK\$195.0 million, HK\$2.5 million and HK\$1.0 million, respectively. These loans were classified as current bank loans due to the fact that all of these loans has a maturity date within one year or the corresponding loan agreements include a clause that the bank has an unconditional right to call the loan at any time notwithstanding any other terms and maturity as set out in the loan agreements. Interest on these loans are primarily repriced every month based on HIBOR change. Our interest-bearing bank loans carries interest at rates ranging from approximately 1.5% to 2% per annum, 1.75% to 2% per annum, 1.75% to 2% per annum and 1.75% per annum above HIBOR for the three years ended 31 March 2016 and the four months ended 31 July 2016, respectively. All of our bank loans are denominated in Hong Kong dollars.

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As at 31 July 2016, our bank loans of approximately HK\$1.0 million were secured by (i) legal charges over the Remaining Vantage Group's investment properties; (ii) legal charges over the Remaining Vantage Group's land and buildings; (iii) legal charges over the Remaining Vantage Group's property under development; (iv) our Group's financial benefits under certain contract work; and (v) cross corporate guarantees provided by the Remaining Vantage Group.

As at 31 March 2016, our bank loans of approximately HK\$2.5 million were secured by (i) legal charges over the Remaining Vantage Group's investment properties; (ii) legal charges over the Remaining Vantage Group's land and buildings; (iii) legal charges over the Remaining Vantage Group's property under development; (iv) our Group's financial benefits under certain contract work; and (v) cross corporate guarantees provided by the Remaining Vantage Group.

As at 31 March 2015, our bank loans of approximately HK\$195.0 million were secured by (i) legal charges over the Remaining Vantage Group's investment properties; (ii) legal charges over the Remaining Vantage Group's land and buildings; (iii) legal charges over the Remaining Vantage Group's property held for development; (iv) our Group's financial benefits under certain contract work; and (v) cross corporate guarantees provided by the Remaining Vantage Group.

As at 31 March 2014, our bank loans of approximately HK\$138.1 million were secured by (i) legal charges over the Remaining Vantage Group's investment properties; (ii) legal charges over the Remaining Vantage Group's land and buildings; (iii) our Group's financial benefits under certain contract work; and (iv) cross corporate guarantees provided by the Remaining Vantage Group.

As at the Latest Practicable Date, all of our bank loans as at 31 March 2016 has been settled.

All of our Group's banking facilities are subject to the fulfilment of covenants, as are commonly found in lending arrangements with financial institutions. If our Group were to breach the covenants the drawn down facilities would become payable on demand. Our Group regularly monitors its compliance with these covenants. As at each reporting date, none of the covenants relating to drawn down facilities had been breached.



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### Balances with related parties

As at 31 March 2014, 2015 and 2016 and 31 July 2016, our Group had the following balances with related parties:

	As at 31 March			As at
	2014	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i> <i>HK\$'000</i>
Accounts receivables from the Remaining Vantage Group <sup>(1)</sup>	128,825	94,356	46,880	20,681
Amounts due from the Remaining Vantage Group <sup>(2)</sup>	1,292	3,215	917	203
Loans to the Remaining Vantage Group <sup>(3)</sup>	558,382	589,222	–	–
Accounts payable to a joint venture of Remaining Vantage Group <sup>(4)</sup>	(12,431)	(11,103)	–	–
Amounts due to a joint venture <sup>(5)</sup>	(65,401)	(26,074)	(33,604)	(7,313)
Loans from the Remaining Vantage Group <sup>(6)</sup>	–	–	(22,509)	–
Amounts due to the Remaining Vantage Group <sup>(5)</sup>	<u>(33,727)</u>	<u>(41,526)</u>	<u>(37,347)</u>	<u>(23,424)</u>

Notes:

- (1) The amount is included in accounts receivable and are repayable in one year.
- (2) The amount are unsecured, interest-free and have no fixed terms of repayment. Our Directors confirm that the outstanding balance as at 31 July 2016 will be settled before Listing.
- (3) The amount is unsecured and carries an interest rate with reference to HIBOR.
- (4) The amount is included in accounts and bills payables and is normally settled within one year.
- (5) The amount are unsecured, interest-free and have no fixed terms of repayment. Our Directors confirm that the outstanding balance as at 31 July 2016 will be settled before Listing.
- (6) The amount is unsecured and carries an interest rate with reference to HIBOR which will be repayable on demand.

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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 2014, 2015 and 2016 and 31 July 2016 and 30 November 2016 being the latest practicable date for determining our Group's indebtedness:

	As at 31 March			As at 31 July 2016	As at 30 November 2016 <i>(unaudited)</i>
	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current assets</b>					
Gross amounts due from					
customers for contract work	272,015	102,515	163,502	288,670	398,911
Accounts receivable	263,632	410,315	297,814	320,700	349,752
Prepayments, deposits and other					
receivables	31,509	27,487	12,739	24,391	35,964
Due from the Remaining Vantage					
Group	1,292	3,215	917	203	192
Loans to the Remaining Vantage					
Group	558,382	589,222	-	-	-
Tax recoverable	603	2,403	989	-	-
Cash and cash equivalents	231,407	412,457	1,084,818	482,453	254,642
<b>Total current assets</b>	1,358,840	1,547,614	1,560,779	1,116,417	1,039,461
<b>Current liabilities</b>					
Accounts and bills payables	432,787	429,572	416,836	469,309	553,579
Accruals of costs for contract					
work	53,175	108,122	74,585	6,490	5,336
Tax payable	4,513	3,892	27,617	32,926	35,404
Other payables and accruals	12,186	12,433	16,595	17,533	14,993
Due to a joint venture	65,401	26,074	33,604	7,313	7,313
Loans from the Remaining					
Vantage Group	-	-	22,509	-	-
Due to the Remaining Vantage					
Group	33,727	41,526	37,347	23,424	59,268
Interest-bearing bank loans	138,135	194,976	2,549	1,009	-
<b>Total current liabilities</b>	739,924	816,595	631,642	558,004	675,893
<b>Net current assets</b>	618,916	731,019	929,137	558,413	363,568

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Our current assets mainly included gross amount due from customers for contract work, accounts receivable, prepayments, deposits and other receivables, amount due from the Remaining Vantage Group, loans to the Remaining Vantage Group, tax recoverable and cash and cash equivalents. Our current liabilities mainly included accounts and bills payables, accruals of costs for contract work, tax payable, other payables and accruals, amount due to a joint venture, loans from the Remaining Vantage Group, amount due to the Remaining Vantage Group and interest-bearing bank loans. Our net current assets, the difference between total current assets and total current liabilities remained positive during the Track Record Period.

Our net current assets decreased by approximately HK\$194.8 million from approximately HK\$558.4 million as at 31 July 2016 to approximately HK\$363.6 million as at 30 November 2016. The decrease was mainly due to (i) the increase in accounts and bills payables of approximately HK\$84.3 million; and (ii) the decrease in cash and cash equivalents of approximately HK\$227.8 million; and partially offset by the increase in gross amounts due from customers for contract work of approximately HK\$110.2 million.

Our net current assets decreased by approximately HK\$370.7 million from approximately HK\$929.1 million as at 31 March 2016 to approximately HK\$558.4 million as at 31 July 2016. The decrease was mainly due to the decrease in cash and cash equivalent of approximately HK\$602.4 million; and partially offset by (i) the increase in gross amounts due from customers for contract work of approximately HK\$125.2 million; and (ii) the decrease in accruals of costs for contract work of approximately HK\$68.1 million.

Our net current assets increased by approximately HK\$198.1 million from approximately HK\$731.0 million as at 31 March 2015 to approximately HK\$929.1 million as at 31 March 2016. The increase was mainly brought by (i) the increase in cash and cash equivalent of approximately HK\$672.4 million; (ii) the increase in gross amounts due from customers for contract work of approximately HK\$61.0 million; and (iii) the decrease in interest-bearing bank loans of approximately HK\$192.4 million; and partially offset by (i) the decrease in accounts receivable of approximately HK\$112.5 million; and (ii) the decrease in loans to the Remaining Vantage Group of approximately HK\$589.2 million.

Our net current assets increased by approximately HK\$112.1 million from approximately HK\$618.9 million as at 31 March 2014 to approximately HK\$731.0 million as at 31 March 2015. The increase was mainly due to (i) the increase in accounts receivables of approximate HK\$146.7 million; and (ii) the increase in cash and cash equivalent of approximately HK\$181.1 million; and partially offset by (i) the decrease in gross amounts due from customers for contract work of approximately HK\$169.5 million; (ii) the increase in accruals of costs for contract work of approximately HK\$54.9 million; and (iii) the increase in interest-bearing bank loans of approximately HK\$56.8 million.

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### INDEBTEDNESS AND CONTINGENT LIABILITIES

At the close of business on 30 November 2016, being the latest practicable date on which such information was available to us, our Group had no outstanding bank loans and unutilised banking facilities of approximately HK\$838.2 million, which were secured by (i) legal charges over the Remaining Vantage Group's investment properties; (ii) legal charges over the Remaining Vantage Group's land and buildings; (iii) legal charges over the Remaining Vantage Group's property under development; (iv) our Group's financial benefits under certain contract work; and (v) cross corporate guarantees provided by the Remaining Vantage Group.

No consideration is received by the Group/the Remaining Vantage Group for the cross guarantees provide to/by the Remaining Vantage Group. The Group did not recognise any liabilities in respect of such financial guarantees as the directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of each reporting period are insignificant.

Our Directors confirmed that the aforementioned secured assets and guarantees will be released before Listing and replaced by corporate guarantees provided by our Company upon Listing.

At 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016, our Group has given guarantees to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK\$10,000,000, HK\$225,626,000, HK\$292,799,000, HK\$290,879,000 and HK\$291,836,000, respectively.

At 31 March 2014, 2015 and 2016, 31 July 2016 and 30 November 2016, our Group has given cross guarantee in favor of certain banks to the extent of HK\$573,850,000, HK\$786,500,000, HK\$771,500,000, HK\$1,385,500,000 and HK\$1,385,500,000, respectively in respect of banking facilities granted by those banks to the Remaining Vantage Group, of which HK\$230,329,000, HK\$384,472,000, HK\$462,502,000, HK\$1,230,839,000 and HK\$1,203,758,000 were utilised.

During the Track Record Period and up to 30 November 2016, our Group has been subject to a number of claims due to personal injuries suffered by employees of our Group or our Group's subcontractors in accidents arising out of and in the course of their employment. Our Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of our Group.

Save as disclosed in this prospectus, we did not have, at the closure of business on 30 November 2016, 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, finance lease commitments, guarantees or other material contingent liabilities. Our Directors confirm that (i) there had not been any material change in our indebtedness and contingent liabilities since 30 November 2016 and up to the Latest Practicable Date; (ii) the bank borrowings and bank facilities are subject to the standard banking conditions and covenants; (iii) our Group had complied with all of the covenants under our bank loans during the Track Record Period;

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(iv) our Group had not received any notice from any bank indicating that it might withdraw or downsize the bank loans and bank facilities; and (v) our Group did not have any material external debt financing plans as at the Latest Practicable Date.

### WORKING CAPITAL

Our Directors confirm, and Sponsor concurs, that there had not been any material defaults in payment of trade and non-trade payables and borrowings or any material covenants relating to our Group's outstanding borrowing during the Track Record Period. Taking into account the financial resources available to our Group, including the internally generated funds, the available banking facilities and the estimated proceeds from the Share Offer, our Directors are of the opinion that our Group has sufficient funds to meet the working capital and financial requirements, for at least the next 12 months from the date of this prospectus.

### CAPITAL EXPENDITURE AND COMMITMENTS

Our Group had no capital expenditure and commitments as at 31 March 2014, 2015 and 2016 and 31 July 2016.

### OPERATING LEASE COMMITMENTS

#### Our Group as lessee

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

	As at 31 March			As at
	2014	2015	2016	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	2,908	2,908	3,707	6,032
After 1 year but within 5 years	3,392	485	3,618	7,324
	6,300	3,393	7,325	13,356

Our operating commitments as lessee mainly represented the leases of office properties. Leases for properties are negotiated for terms ranging from one to three years. Our lease commitments as lessee amounted to approximately HK\$6.3 million, HK\$3.4 million, HK\$7.3 million and HK\$13.4 million as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

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### KEY FINANCIAL RATIOS

The following table set forth our key financial ratios for the year/period and as of the dates indicated:

	As at/for 31 March			As at/for 31 July
	2014	2015	2016	2016
<b>Key financial ratios</b>				
Current ratio <sup>(1)</sup>	1.8	1.9	2.5	2.0
Gearing ratio <sup>(2)</sup>	20.0%	25.6%	2.6%	0.2%
Debt to equity ratio <sup>(3)</sup>	N/A	N/A	N/A	N/A
Interest coverage <sup>(4)</sup>	30.9	18.3	96.2	2,436.5
Return on total assets <sup>(5)</sup>	4.1%	4.4%	12.7%	8.0%
Return on equity <sup>(6)</sup>	8.4%	9.0%	21.0%	15.6%
Net profit margin <sup>(7)</sup>	2.2%	3.2%	8.1%	5.7%

*Notes:*

- (1) Current ratio is calculated based on the total current assets divided by the total current liabilities as the respective period end.
- (2) Gearing ratio is calculated based on the total debts (including all interest-bearing borrowings and loans) divided by the total equity as at the respective period end and multiplied by 100%.
- (3) Debt to equity ratio is calculated by the net debt (all borrowings and loans, net of cash and cash equivalents) divided by the total equity as at the respective period end multiplied by 100%.
- (4) Interest coverage ratio is calculated by the profit before interest and tax divided by the interest expenses, which is annualised if applicable, for the respective period end.
- (5) Return on total assets is calculated by the net profit for the period, which is annualised if applicable, divided by the total assets as at the respective year end and multiplied by 100%.
- (6) Return on equity is calculated by net profit for the period, which is annualised if applicable, divided by total equity as at the respective year end and multiplied by 100%.
- (7) Net profit margin is calculated by the profit for each reporting period, which is annualised if applicable, divided by the revenue for each reporting period and multiplied by 100%.

### Current ratio

Our current ratio was approximately 1.8 times, 1.9 times, 2.5 times and 2.0 times as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. The increase in current ratio as at 31 March 2015 as compared to as at 31 March 2014 was mainly attributable to the increase in cash and cash equivalents which is mainly attributable to our operating activities.

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The increase in current ratio as at 31 March 2016 as compared to as at 31 March 2015 was mainly attributable to (i) the increase in cash and cash equivalents due to our operating and investing activities; and (ii) the decrease in loans to the Remaining Vantage Group since the loans have been fully repaid. The decrease in current ratio as at 31 July 2016 as compared to as at 31 March 2016 was mainly attributable to the decrease in cash and cash equivalents due to our operating and financing activities. Further details of our operating and investing activities are set out in the section headed “Financial Information — Liquidity and Capital Resources — Cash flows”.

### **Gearing ratio**

Our gearing ratio was approximately 20.0%, 25.6%, 2.6% and 0.2% as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. The increase in gearing ratio from approximately 20.0% as at 31 March 2014 to 25.6% as at 31 March 2015 is primarily due to increase in our interest-bearing bank loans.

The significant decrease in gearing ratio from approximately 25.6% as at 31 March 2015 to 2.6% as at 31 March 2016 is primarily due to the (i) significant decrease in our interest-bearing bank loans; and (ii) the increase in equity due to our profitable operations.

The significant decrease in gearing ratio from approximately 2.6% as at 31 March 2016 to 0.2% as at 31 July 2016 is primarily due to the significant decrease in our loans from the Remaining Vantage Group.

### **Debt to equity ratio**

Our group had net cash and cash equivalent as at 31 March 2014, 2015, 2016 and 31 July 2016 respectively.

### **Interest coverage**

Our interest coverage was approximately 30.9 times, 18.3 times, 96.2 and 2,436.5 times for the three years ended 31 March 2016 and four months ended 31 July 2016, respectively. Our interest coverage decreased to 18.3 times for the year ended 31 March 2015 primarily due to the fact that our interest expenses increased more than our profit before interest and tax in terms of percentage. The increase in interest expenses for the year ended 31 March 2015 was primarily attributable to the increase in interest-bearing bank loans from approximately HK\$138.1 million as at 31 March 2014 to approximately HK\$195.0 million as at 31 March 2015.

Our interest coverage increased significantly to 96.2 times for the year ended 31 March 2016 which was mainly due to the (i) decrease in interest-bearing bank loans from approximately HK\$195.0 million as at 31 March 2015 to approximately HK\$2.5 million as at 31 March 2016; and (ii) increase in profit before interest and tax from approximately HK\$80.3 million for 31 March 2015 to approximately HK\$241.3 million. Our interest coverage increased significantly to 2,436.5 times for the period ended 31 July 2016 which was mainly due to the significant decrease in our interest-bearing loans which resulted in

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the significant decrease in our finance cost. Further details of our financial performance are set out in the section headed “Financial Information — Period-to-period Comparison of Results of Operations” in this prospectus.

### **Return on total assets**

Our return on total assets was approximately 4.1%, 4.4%, 12.7% and 8.0% for the three years ended 31 March 2016 and four months ended 31 July 2016, respectively. The increase of our Group’s return on total assets ratio was primarily due to the increase of our profit during the three years ended 31 March 2016, which was approximately HK\$58.3 million, HK\$68.7 million and HK\$201.9 million, respectively. The decrease of our Group’s return on total assets ratio, for the period ended 31 July 2016 was mainly due to the decrease in our annualised profit for the period as compared to our profit for the year ended 31 March 2016. Further details of our overall financial performance are set out in the section headed “Financial Information — Period-to-period Comparison of Results of Operations” in this prospectus.

### **Return on equity**

Our return on equity was approximately 8.4%, 9.0%, 21.0% and 15.6% for the three years ended 31 March 2016 and four months ended 31 July 2016, respectively. In line with the return on assets, our Group’s return on equity increased over the three years ended 31 March 2016. This is mainly due to the fact that our net profit increased more than our total equity in terms of amount and percentage. The decrease in our return on equity for the period ended 31 July 2016 is in line with the return on assets and is mainly due to the fact that our annualised net profit decreased more than our total equity in terms of amount and percentage. Further details of our overall financial performance are set out in the section headed “Financial Information — Period-to-period Comparison of Results of Operations” in this prospectus.

### **Net profit margin**

Our net profit margin was approximately 2.2%, 3.2%, 8.1% and 5.7% for the three years ended 31 March 2016 and four months ended 31 July 2016, respectively. The growth in net profit margin during the three years ended 31 March 2016 was mainly attributable to the increase in gross profit margin which increased from approximately 3.9% for the year ended 31 March 2014 to approximately 5.7% for the year ended 31 March 2015 and further increased to approximately 11.9% for the year ended 31 March 2016. The decrease in net profit margin for the four months period ended 31 July 2016 was mainly attributable to the increase in our annualised administrative expenses for the period ended 31 July 2016. Further details on our gross profit margin and overall financial performance are set out in the paragraph headed “Financial Information — Period-to-period Comparison of Results of Operations” in this prospectus.



## FINANCIAL INFORMATION

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

### CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

#### Capital management

Our Group's primary objectives when managing capital are to safeguard our Group's ability to continue as a going concern in order to fund its construction business and provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Our Group reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

#### Financial risk management

Our Group is exposed to credit risk, liquidity risk, interest rate risk and foreign currency risk in the normal course of business. Further details on our financial risk management policies and practices are set out in the section headed "Accountants' Report — II. Notes to Financial Information — 32. Financial Risk Management Objectives and Policies" in Appendix I to this prospectus.

### DIVIDEND POLICY

Our Group currently does not have a dividend policy nor any fixed dividend pay-out ratio and may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to declare and pay any dividend would require the approval of our Directors and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. Distribution of dividends, in the future, if any, will depend on the results of its operations, cash flows, financial conditions, statutory and regulatory restrictions as aforementioned and other factors that it may consider relevant, and is subject to its discretion. 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 the Board in the future. The Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

In July 2016, Able Engineering declared and paid a special dividend of HK\$400 million to its then shareholder, Profit Chain. In October 2016, certain members of our Group declared a special dividend of HK\$200 million to their then shareholder, Profit Chain. Such dividends were paid to Profit Chain in full in November 2016.

## **FINANCIAL INFORMATION**

### **DISTRIBUTABLE RESERVES**

Our Company was incorporated on 11 July 2016 and there was no distributable reserves as at 31 March 2014, 2015 and 2016 respectively.

### **LISTING EXPENSES**

The total listing expenses in connection with the Share Offer is estimated to be approximately HK\$30.3 million, based on the mid point of the offer price range stated in this prospectus and assuming the Over-allotment Option are not exercised, of which approximately HK\$17.0 million is directly attributable to the issue of the Share Offer and to be accounted for as a deduction from equity, nil was charged to profit or loss of our Group for the year ended 31 March 2016 and the four months ended 31 July 2016 and approximately HK\$13.3 million is to be charged to profit or loss of our Group for the year ending 31 March 2017.

### **RELATED PARTY TRANSACTIONS**

With respect to the related parties transactions set out in note 29 to the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on arm's length basis and on normal commercial terms. Our Directors consider that these related party transactions would not distort our results during the Track Record Period, and would not make our historical results not reflective of our future performance.

### **NO MATERIAL ADVERSE CHANGE**

Our Directors confirm that there has been no material adverse change in its financial or trading position or prospects since 31 July 2016, being the date of the last audited financial statement as set out in Appendix I to this prospectus, up to the date of this prospectus.

### **UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS**

Please see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus.

### **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.

## FUTURE PLANS AND PROPOSED USE OF PROCEEDS

### FUTURE PLANS

The 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 section headed “Business — Business Strategies and Prospects” in this prospectus.

As discussed in the section headed “Laws and Regulations” in this prospectus, we are currently registered as an approved contractor of the Housing Authority for Building (New Works) (Group NW2 (Confirmed)) which enables us to tender for new works contracts of unlimited value. Sufficient working capital is a fundamental factor which the Housing Authority will consider when determining whether to award a project to a main contractor. According to relevant regulatory requirement on financial capability, we are required to (i) maintain a minimum working capital of HK\$18.8 million or 8% on the first HK\$950 million of outstanding works and 10% on the remainder, whichever is higher (“**HA Working Capital Requirement**”); and (ii) a minimum employed capital of HK\$18.8 million plus HK\$2 million for every HK\$100 million of outstanding works or part thereof above HK\$950 million or 10% of the total assets, whichever is higher (“**HA Employed Capital Requirement**”).

Further we are also currently registered as an approved contractor of WBDB for Public Works Buildings (Group C (Confirmed)) which enables us to tender for contracts of unlimited value. Pursuant to the relevant regulatory requirement on financial capability, we are required to (i) maintain a minimum working capital of HK\$18.8 million or 8% on the first HK\$950 million of annualised outstanding works and 10% on remainder, whichever is higher (“**WBDB Working Capital Requirement**”); and (ii) a minimum employed capital of HK\$18.8 million plus HK\$2 million for every HK\$100 million of annualised outstanding works or part thereof above HK\$950 million (“**WBDB Employed Capital Requirement**”).

Moreover, as a main contractor, for projects from both the public and private sectors, we are normally required to pay for certain costs and expenses (“**Upfront Costs**”) such as deposits, insurance, costs of construction of temporary works, costs of construction materials, subcontracting charges, machinery and equipment expenses, etc. on or before the commencement and during the early stage of development of the building construction and RMAA projects.

It is therefore beneficial to our Group to strengthen its capital base (including maintaining and increasing the WBDB Working Capital Requirement and HA Working Capital Requirement (collectively as “**Working Capital Requirement**”), the WBDB Employed Capital Requirement and the HA Employed Capital Requirement (collectively the “**Employed Capital Requirement**”) and the Upfront Costs) through raising funds under the Share Offer so that our Group will be able to tender for more projects in the public sector after Listing.

## FUTURE PLANS AND PROPOSED USE OF PROCEEDS

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:

	<b>Assuming the Over-allotment Option is not exercised (HK\$ million)</b>	<b>Assuming the Over-allotment Option is exercised in full (HK\$ million)</b>
If the Offer Price is fixed at HK\$1.0 per Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK\$469.7 million	Approximately HK\$542.9 million
If the Offer Price is fixed at HK\$1.1 per Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK\$518.5 million	Approximately HK\$598.9 million
If the Offer Price is fixed at HK\$0.9 per Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK\$421.0 million	Approximately HK\$486.8 million

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 Over-allotment Option is not exercised at all and an Offer Price of HK\$1.0, being the mid-point of the Offer Price range, of approximately HK\$469.7 million as follows:

- approximately HK\$423.2 million, representing approximately 90.1% of the net proceeds will be used for expanding our building construction and RMAA business in Hong Kong, out of which (i) approximately HK\$360.0 million will be used for maintaining and increasing the Employed Capital Requirement and Working Capital Requirement for future projects in the public sector; and (ii) approximately HK\$63.2 million will be used for payment of Upfront Costs. As at the Latest Practicable Date, there were six and nil pending tenders for building construction and RMAA projects in Hong Kong submitted by us; and
- approximately HK\$46.5 million or approximately 9.9% 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 Group will receive additional net proceeds of the Offer of approximately HK\$48.8 million when compared to the net proceeds receivable by our Group 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.

## FUTURE PLANS AND PROPOSED USE OF PROCEEDS

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\$48.8 million when compared to the net proceeds receivable by our Group with the Offer Price being determined at the mid-point of the range as stated in this prospectus. Under such circumstances, our Group intends to reduce its allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that we would receive additional net proceeds of approximately HK\$73.2 million, assuming an Offer Price of HK\$1.0 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 Over-allotment Option will be applied pro rata to the above mentioned purposes. If the Over-allotment 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 such 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

### Public Offer Underwriters

Ample Orient Capital Limited  
Convoy Investment Services Limited  
First Shanghai Securities Limited  
Guoyuan Capital (Hong Kong) Limited  
Pacific Foundation Securities Limited  
China-Hong Kong Link Securities Company Limited  
Head & Shoulders Securities Limited  
Quam Securities Company Limited  
Innovax Capital Limited

## PUBLIC OFFER UNDERWRITING ARRANGEMENTS

### Public Offer

Pursuant to the Public Offer Underwriting Agreement, our Company is offering initially 50,000,000 Public Offer Shares for subscription by way of the Public Offer at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued, and to certain other conditions described in the Public Offer Underwriting Agreement (including the Sole Coordinator, on behalf of the Underwriters, and us agreeing to the Offer Price), the Public Offer Underwriters have agreed severally to subscribe, or procure subscribers to subscribe, for the Public Offer Shares which are being offered but are not taken up under the Public Offer on the terms and subject to the conditions of this prospectus and the Application Forms. The Public Offer Underwriting Agreement is conditional upon and subject to the Placing Agreement having been signed and becoming unconditional.

### *Grounds for termination*

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination if, at any time prior to 8:00 a.m. on the Listing Date:

- (A) there shall develop, occur, exist or come into effect:
  - (1) any change or prospective change (whether or not permanent) in the business or in the earnings, operations, financial or trading position or prospects of our Group; or

## UNDERWRITING

- (2) any change or development involving a prospective change or development, or any event or series of events resulting or representing or is/are 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, the Cayman Islands, the BVI or any other jurisdictions where any member of our Group is incorporated (collectively, the “**Relevant Jurisdictions**”); or
- (3) 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
- (4) any new law or any change (whether or not forming part of a series of changes) 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
- (5) a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in the Shares; or
- (6) 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
- (7) any event, act or omission which gives rise to or is likely to give rise to any material liability of any of our Company, our executive Directors and Vantage pursuant to the indemnities contained in the Public Offer Underwriting Agreement; or
- (8) the imposition or declaration of (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or any other major international stock exchange or any minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority or (ii) any moratorium on commercial banking activities or disruption in

## UNDERWRITING

commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

- (9) the imposition of economic, political or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or
- (10) 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, drought, flooding, severe snow or hail storms, explosion, earthquake, hurricanes, tornadoes, volcanic eruption, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, radiation or chemical contaminations, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or
- (11) any change or development or event involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” of this prospectus; or
- (12) any change in the system under which the value of the HK dollar is linked to that of the U.S. dollar; or
- (13) any valid 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
- (14) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or
- (15) a prohibition of our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Shares which may be issued pursuant to the Over-allotment Option) pursuant to the terms of the Share Offer; or
- (16) material non-compliance of any statement or disclosure of this prospectus or Application Forms or any aspect of the Share Offer with the Listing Rules or any other applicable law; or
- (17) other than with the prior approval of the Sole Coordinator (for itself and on behalf of other Public Offer Underwriters), the issue by our Company of a supplementary prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or



## UNDERWRITING

- (18) a valid order is made or a valid petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group, a composition or arrangement with its creditors is made or a scheme of arrangement is entered into or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or the occurrence of anything analogous thereto in respect of any member of our Group; or
- (19) save as disclosed in this prospectus, any material litigation or claim of any third party being threatened or instigated against any member of our Group; or
- (20) a Director being charged with an indictable offence or prohibited by operation of law or is otherwise disqualified from being a director or taking part in the management of a company; or
- (21) the commencement by any governmental, regulatory, political or judicial body or organisation of any action against a Director or any member of our Group or an announcement by any governmental, regulatory, political or judicial body or organisation that it intends to take any such action; or
- (22) our Company withdraws any of this prospectus or the Application Forms (and/or any other documents used in connection with the contemplated subscription of the Offer Shares); or
- (23) any person (other than the Sponsor and any of the Public Offer Underwriters and their legal advisers) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents (as defined in the Public Offer Underwriting Agreement), or to the issue of any such documents,

which, whether individually or in the aggregate, after consulting with our Company to the extent that the Sole Coordinator determines that it is appropriate and practicable under the circumstances, in the sole and absolute opinion of the Sole Coordinator (for itself and on behalf of the Public Offer Underwriters):

- (a) has or will or is likely to have a material adverse effect on the business, financial, trading or other conditions or prospects of our Group taken as a whole; or
- (b) has or will or is likely to have a material adverse effect on the success of the Share Offer as a whole or the level of Offer Shares being applied for or accepted or the distribution of the Offer Shares; or

## UNDERWRITING

- (c) is or will or is likely to make it inadvisable, inexpedient or not commercially viable (i) for the Share Offer as a whole to be performed or implemented or (ii) to proceed with the Share Offer as a whole on the terms and in the manner contemplated in this prospectus; or
- (B) any of the Public Offer Underwriters shall become aware of the fact that:
- (1) any of the warranties or undertakings given by our Company, our executive Directors and/or Vantage under the Public Offer Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated, and as determined by the Sole Coordinator in its sole and absolute discretion or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable; or
  - (2) any statement contained in this prospectus, the Application Forms, the formal notice or any announcements issued by our Company in respect of the Public Offer, the Placing and/or the Share Offer was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if this prospectus, the Application Forms, the formal notice and any announcements issued by our Company in respect of the Public Offer, the Placing and/or the Share Offer were to be issued at that time, constitute a material omission therefrom, and as determined by the Sole Coordinator in its sole and absolute discretion to be material in the context of the Share Offer; or
  - (3) any forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms, formal notice and/or any announcements issued by our Company in connection with the Public Offer (including any supplement or amendment thereto) are not fair and honest or based on reasonable assumptions, in any material respect, and as determined by the Sole Coordinator in its sole and absolute discretion to be material in the context of the Share Offer; or
  - (4) there has been a breach on the part of any of our Company, our executive Directors and/or Vantage of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement, and as determined by the Sole Coordinator in its sole and absolute discretion to be material in the context of the Share Offer,

then the Sole Coordinator (for itself and on behalf of the Public Offer Underwriters) may in its sole and absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by notice in writing to our Company.

## UNDERWRITING

### UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

#### Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

#### Undertaking by each of the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange, our Company and the Sponsor that except pursuant to the Share Offer or unless in compliance with the requirements of the Listing Rules, it/he shall not, and shall procure that the relevant registered holder(s) (if any) of our Shares in which it/he has a beneficial interest shall not:

- (a) within the period commencing on the date by reference to which disclosure of the shareholding of it/him is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares first commence on the Main Board of the Stock Exchange ("**First Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or other securities of our Company in respect of which it/he are shown by this prospectus to be the beneficial owner; and
- (b) within six months commencing on the day immediately following the expiry of the First Six-Month Period ("**Second Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Controlling Shareholders' Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder of our Company.

Each of our Controlling Shareholders has further undertaken to the Stock Exchange, our Company and the Sponsor that, within the First Six-Month Period and the Second Six-Month Period, it/he shall and shall procure the relevant registered holder(s):

- (a) when it/he, or the relevant registered holder(s) pledge/charge any of our Shares or other securities of our Company beneficially owned by it/him in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge/charge together with the number of such Shares or other securities in our Company so pledged/charged; and

## UNDERWRITING

- (b) when it/he, or the relevant registered holder(s) receive indications, either verbal or written, from any pledgee/chargee that any of the pledged/charged Shares or securities will be disposed of, immediately inform our Company in writing of such indications.

Our Company will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by the Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with the Rule 2.07C of the Listing Rules as soon as possible.

### **LOCK-UP UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT**

#### **Undertaking by our Company**

We have undertaken to each of the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement that, except pursuant to (i) the Share Offer (including pursuant to the Over-allotment Option) and the Capitalisation Issue; and (ii) permitted under the Listing Rules, we will not, without the prior written consent of the Sole Coordinator (on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time from the date of the Public Offer Underwriting Agreement until the expiry of the First Six-Month Period,

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend, mortgage, assign or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of our share capital or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein), or
- (b) enter into any swap, derivative, lending, repurchase, mortgage or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities, or
- (c) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (a) or (b) above, or
- (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in sub-paragraph (a), (b) or (c) above,

## UNDERWRITING

whether any of the foregoing transactions described in sub-paragraphs (a) to (d) is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above, provided that foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Share Offer (including pursuant to the Over-allotment Option), the Capitalisation Issue, or the issue of warrants of our Company by the Sponsor, and our Company further agrees that, in the event of an issue or disposal of any Shares or any interest therein after the expiry of the First Six-Month Period, it will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for the Shares.

### **Undertaking by each of the Controlling Shareholders**

Each of the Controlling Shareholders, pursuant to the Public Offer Underwriting Agreement, has irrevocably and unconditionally agreed and undertaken to Company, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters that, except pursuant to (A) the Share Offer and the Capitalisation Issue and (B) the Over-allotment Option, it/he will not, and will procure that any other registered holder(s) of our Shares in which it/he has a beneficial interest will not without the prior written consent of the Sole Coordinator (such consent not to be unreasonably withheld or delayed) and subject to requirements set out in the Listing Rules,

- (a) at any time from the date of the Public Offer Underwriting Agreement up to and including the expiry date of the First Six-Month Period:
  - (i) offer, accept subscription for, pledge, mortgage, charge, allot, issue, sell, lend, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, mortgage, assign, make any short sale or otherwise transfer or dispose of (or enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the share or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein whether now owned or hereinafter acquired, owned directly by each of the Controlling Shareholders (including holding as a custodian) or with respect to which such Controlling Shareholder has beneficial ownership (collectively the “**Lock-up Shares**”) (the foregoing restriction is expressly agreed to preclude such Controlling Shareholder from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than such Controlling Shareholder, respectively. Such prohibited hedging or other transactions would

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include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares; or

- (ii) enter into any swap, derivative, repurchase or mortgage or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any Lock-up Shares or securities or any interest therein; or
- (iii) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in sub-paragraph (i) or (ii) or (iii) above, whether any such transaction described in sub-paragraph (i) or (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so;

provided that the restrictions above shall not apply to any pledge or charge of the Lock-up Shares in favour of an authorised institution as defined in the Banking Ordinance (Cap.155 of the Laws of Hong Kong) for a bona fide commercial loan in accordance with the Listing Rules;

- (b) at any time during the period of 30 months commencing on the date on which the First Six-Month Period expires, enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) above or agree or contract to or publicly announce any intention to enter into any such transactions, provided that the restriction shall not apply to any pledge or charge of the Lock-up Shares in favour of an authorised institution as defined in the Banking Ordinance (Cap.155 of the Laws of Hong Kong) for a bona fide commercial loan in accordance with the Listing Rules, if immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company; and
- (c) until the expiry of the period referred to in paragraph (b) above, in the event that any of the Controlling Shareholders enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it/he will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

## UNDERWRITING

Each of the Controlling Shareholders, pursuant to the Public Offer Underwriting Agreement has agreed and undertaken to each of our Company, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters that, at any time during the First Six-Month Period or the period of 30 months commencing on the date on which the First Six-Month Period expires (where applicable), each of the Controlling Shareholders will, (i) if it/he pledges or charges any Shares or other securities of our Company in respect of which it/he is the beneficial owner, immediately inform our Company, the Sponsor and the Sole Coordinator and, if required, the Stock Exchange of any such pledges or charges and the number of Shares or other securities of our Company so pledged or charged, and (ii) if it/he receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company will be disposed of, immediately inform us, the Sponsor and the Sole Coordinator in writing and, if required, the Stock Exchange of any such indication.

### **PLACING**

In connection with the Placing, our Company expects to enter into the Placing Agreement with, among others, the Placing Underwriters and other parties named therein. Under the Placing Agreement, the Placing Underwriters will, subject to certain conditions, severally agree to purchase the Placing Shares being offered pursuant to the Placing or procure purchasers for such Placing Shares. It is expected that pursuant to the Placing Agreement, our Company and the Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement in the section headed “Lock-up Undertakings Pursuant to the Public Offer Underwriting Agreement” under this section.

Our Company expects to grant the Over-allotment Option to the Placing Underwriters, exercisable by the Sole Coordinator on behalf of the Placing Underwriters at any time from the Listing Date until and including the 30th day after the last day for lodging applications under the Public Offer, to require our Company to issue up to an aggregate of 75,000,000 Shares, representing in aggregate 15% of the Offer Shares initially available under the Share Offer at the Offer Price, under the Placing to cover over-allocations, if any, in the Placing.

### **COMMISSION AND EXPENSES**

The Public Offer Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offer in accordance with the terms of the Public Offer Underwriting Agreement, out of which the Public Offer Underwriters may pay any sub-underwriting commission in connection with the Share Offer. The Placing Underwriters are expected to receive an underwriting commission on the aggregate Offer Price payable for the Placing Shares initially offered under the Placing.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses payable by us relating to the Share Offer are estimated to amount to approximately HK\$30.3 million in total assuming no exercise of the Over-allotment Option (based on the mid-point of our indicative price range for the Share Offer).

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### THE SHARE OFFER

This prospectus is published in connection with the Share Offer.

The Share Offer comprises:

- (i) the Public Offer of initially 50,000,000 Offer Shares (subject to reallocation) in Hong Kong as further described in the section headed “The Public Offer” below; and
- (ii) the Placing of initially 450,000,000 Offer Shares (subject to reallocation and the Over-allotment Option) to professional, institutional and other investors, as further described in the section headed “The Placing” below.

Of the 450,000,000 Offer Shares initially being offered under the Placing, 50,400,000 Offer Shares are available for subscription by Qualifying Vantage Shareholders under the Preferential Offer as Preferential Entitlement.

Investors may either:

- (i) apply for Public Offer Shares under the Public Offer; or
- (ii) apply for or indicate an interest for Placing Shares under the Placing,

but may not do both.

Qualifying Vantage Shareholders may make an application for Reserved Shares on a **BLUE** Application Form and, in addition, will be entitled to apply for Public Offer Shares under the Public Offer but may not apply for or indicate an interest for Placing Shares under the Placing (other than an application to subscribe for Reserved Shares under the Preferential Offer).

The Offer Shares will represent 25% of the issued share capital of our Company immediately following the completion of the Share Offer, assuming that the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 28.75% of the issued share capital of our Company immediately following the completion of the Share Offer.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Public Offer.



## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### THE PUBLIC OFFER

#### Number of Offer Shares initially offered

Our Company is initially offering 50,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Share Offer. The number of Offer Shares initially offered under the Public Offer, subject to any reallocation of Offer Shares between the Placing and the Public Offer, will represent 2.5% of the issued share capital of our Company immediately following the completion of the Share Offer, assuming that the Over-allotment Option is not exercised.

The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions set out in the section headed "Conditions of the Share Offer" below.

#### Allocation

Allocation of Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

For allocation purposes only, the total number of Public Offer Shares available under the Public Offer (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B with any odd board lots being allocated to Pool A. Accordingly, the maximum number of Public Offer Shares initially in Pool A and Pool B will be 25,000,000 Shares and 25,000,000 Shares respectively. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee payable). For the purpose of this paragraph only, the "price" for Public Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Public Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Public Offer and any application for more than 25,000,000 Public Offer Shares are liable to be rejected.

### **Reallocation**

The allocation of the Offer Shares between the Public Offer and the Placing is subject to reallocation under the Listing Rules. If the number of Offer Shares validly applied for under the Public Offer represents:

- (i) 5 times or more but less than 10 times;
- (ii) 10 times or more but less than 15 times; or
- (iii) 15 times or more

of the total number of Offer Shares initially available under the Public Offer, Offer Shares will be reallocated to the Public Offer from the Placing.

As a result of such reallocation, the total number of Offer Shares available under the Public Offer will be increased to:

- 150,000,000 Offer Shares (in the case of (i) above);
- 250,000,000 Offer Shares (in the case of (ii) above); or
- 350,000,000 Offer Shares (in the case of (iii) above),

representing approximately 30%, 50% and 70% of the total number of Offer Shares initially available under the Share Offer, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Sole Coordinator deems appropriate.

**In addition, the Sole Coordinator may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.**

**If the Public Offer is not fully subscribed for, the Sole Coordinator has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Sole Coordinator deems appropriate.**

The Preferential Offer will not be subject to reallocation between the Public Offer and the Placing.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### Applications

Each applicant 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 and any person(s) for whose benefit he/she/it is making the application has 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 Placing Shares under the Placing (except in respect of Reserved Shares applied for under the Preferential Offer). Such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated Placing Shares under the Placing.

The listing of the Shares on the Stock Exchange is sponsored by the Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum Offer Price of HK\$1.1 per Offer Share in addition to the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$4,444.34 for one board lot of 4,000 Shares.

If the Offer Price, as finally determined in the manner described in the section headed "Pricing and Allocation" below, is less than the maximum Offer Price of HK\$1.1 per Offer Share, appropriate refund payments (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Public Offer Shares and Reserved Shares" in this prospectus.

### THE PREFERENTIAL OFFER

#### Basis of the Preferential Entitlement

In order to enable Vantage Shareholders to participate in the Share Offer on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and the Spin-off becoming unconditional, Qualifying Vantage Shareholders are being invited to apply for an aggregate of 50,400,000 Reserved Shares in the Preferential Offer, representing approximately 11.20% and 10.08% of the Offer Shares available under the Placing and Share Offer, respectively (assuming that the Over-allotment Option is not exercised) as Preferential Entitlement. The Reserved Shares are being offered out of the Placing Shares under the Placing and are not subject to reallocation.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

With a view to maximising the percentage of Shares held by the public immediately after the Share Offer and to increase the number of Reserved Shares available for subscription by other Qualifying Vantage Shareholders, Mr. Ngai and Mr. Yau, have indicated to Vantage and our Company that they, and the companies controlled by them, will not take up any Reserved Shares to which they or the companies controlled by them would be entitled to apply for under the Preferential Offer. The Reserved Shares in which they or the companies controlled by them are entitled to apply for (representing approximately 63.55% of the expected number of Reserved Shares based on the number of Vantage Shares in Vantage as at the Latest Practicable Date) will be available for excess application by other Qualifying Vantage Shareholders under the Preferential Offer. In view of this, all of these excess Reserved Shares will be available for subscription by other Qualifying Vantage Shareholders. As such, the number of Reserved Shares that other Qualifying Vantage Shareholders can apply for, if they so choose, will be more than the basis of one Reserved Share for every integral multiple of 35 Vantage Shares held.

**The basis of the Preferential Entitlement is one Reserved Share for every integral multiple of 35 Vantage Shares held by Qualifying Vantage Shareholders as at 4:30 p.m. on the Record Date.**

Qualifying Vantage Shareholders who hold less than 35 Shares on the Record Date and therefore will not have a Preferential Entitlement to our Reserved Shares will still be entitled to participate in the Preferential Offer by applying for Available Reserved Shares (as defined below) only.

The Reserved Shares are being offered out of the Placing Shares under the Placing and are not subject to the reallocation as described in the section headed “Structure and Conditions of the Share Offer — The Public Offer — Reallocation” above.

Qualifying Vantage Shareholders should note that Preferential Entitlement to Reserved Shares may not represent a number of a full board lot of 4,000 Shares. Further, the Reserved Shares allocated to the Qualifying Vantage Shareholders will be rounded down to the closest whole number if required, and dealings in odd lots of the Shares may be at a price below the prevailing market price for full board lots.

**Preferential Entitlement of Qualifying Vantage Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.**

### **Basis of allocation for applications for Reserved Shares**

Qualifying Vantage Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Preferential Entitlement under the Preferential Offer. A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Vantage Shareholder’s Preferential Entitlement under the Preferential Offer will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Form and assuming that the conditions of the Preferential Offer are satisfied.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Where a Qualifying Vantage Shareholder applies for a number of Reserved Shares which is greater than the Qualifying Vantage Shareholder's Preferential Entitlement under the Preferential Offer, the relevant Preferential Entitlement will be satisfied in full (subject to the terms and conditions mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares (as defined below) resulting from other Qualifying Vantage Shareholders declining to take up some or all of their Preferential Entitlement by way of allocation by the Sole Coordinator on a fair and reasonable basis. Such allocation basis is consistent with the allocation basis commonly used in the case of over-subscriptions in public offers in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares, and thereafter at the discretion of the Sole Coordinator, to other investors in the Placing.

Qualifying Vantage Shareholders who intend to apply for more than their Preferential Entitlement should either apply for a number which is one of the numbers set out in the table of numbers in the **BLUE** Application Form and make a payment of the corresponding amount, otherwise the applicant must calculate the correct amount of remittance payable on application for the number of Reserved Shares applied for by using the special formula set out in the **BLUE** Application Form.

To the extent that the excess applications for the Reserved Shares are:

- (a) less than the Reserved Shares not taken up by the Qualifying Vantage Shareholders' Preferential Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Sole Coordinator, to the Placing;
- (b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or
- (c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offers in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there is an odd lot number of Shares left after satisfying the excess applications, such number of odd lot Shares will be reallocated, at the discretion of the Sole Coordinator, to the Placing.

Save for the above, the Preferential Offer will not be subject to the clawback arrangement between the Placing and the Public Offer.

Beneficial Vantage Shareholders (not being Non-Qualifying Vantage Shareholders) whose Vantage Shares are held by a nominee company should note that our Company will regard the nominee company as a single Vantage Shareholder according to the register of members of Vantage. Accordingly, such Beneficial Vantage Shareholders whose Vantage Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### Applications by Qualifying Vantage Shareholders for Public Offer Shares

In addition to any application for Reserved Shares made on a **BLUE** Application Form, Qualifying Vantage Shareholders will be entitled to make one application for Public Offer Shares on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS or through the **HK eIPO WHITE Form** service. Qualifying Vantage Shareholders will receive no preference as to entitlement or allocation in respect of applications for Public Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **HK eIPO WHITE Form** service under the Public Offer.

### Qualifying Vantage Shareholders and Non-Qualifying Vantage Shareholders

Only Vantage Shareholders whose names appeared on the register of members of Vantage at 4:30 p.m. on the Record Date, excluding the Non-Qualifying Vantage Shareholders and directors of our Company and any of our subsidiaries, are entitled to subscribe for the Reserved Shares under the Preferential Offer.

Non-Qualifying Vantage Shareholders are those Vantage Shareholders with registered addresses in, or who are otherwise known by Vantage to be residents of any of the Specified Territories.

Accordingly, for the purposes of the Preferential Offer, the Non-Qualifying Vantage Shareholders are:

- (a) Vantage Shareholders whose names appeared in the register of members of Vantage at 4:30 p.m. on the Record Date and whose addresses as shown in such register are in any of the Specified Territories; and
- (b) Vantage Shareholders or Beneficial Vantage Shareholders whose names appeared in the register of members of Vantage at 4:30 p.m. on the Record Date who are otherwise known by Vantage to be resident in any of the Specified Territories.

### Distribution of this Prospectus and the BLUE Application Forms

A **BLUE** Application Form, together with a printed copy of this prospectus has been despatched to each Qualifying Vantage Shareholder at the address of such Qualifying Vantage Shareholder recorded on the register of members of Vantage as at 4:30 p.m. on the Record Date.

Qualifying Vantage Shareholders may also obtain a printed copy of this prospectus during normal business hours from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or any of the designated branches of the receiving bank and the designated office of the Public Offer Underwriters as set out in the section headed "How to Apply for Public Offer Shares and Reserved Shares" in this prospectus.

## **STRUCTURE AND CONDITIONS OF THE SHARE OFFER**

Distribution of this prospectus and/or the **BLUE** Application Form(s) into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Form(s) come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. In particular, this prospectus should not be distributed, forwarded or transmitted in, into or from any of the Specified Territories with or without the **BLUE** Application Form(s), except to Qualifying Vantage Shareholders as specified in this prospectus.

Receipt of this prospectus and/or the **BLUE** Application Form(s) does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or the **BLUE** Application Form(s) must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the **BLUE** Application Form(s) should not, in connection with the Preferential Offer, distribute or send the same in, into or from, any of the Specified Territories. If the **BLUE** Application Form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not apply for any Reserved Shares unless the directors of Vantage and our Company determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or the **BLUE** Application Form(s) in, into or from any Specified Territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

### **Application procedures**

The procedures for application under and the terms and conditions of the Preferential Offer are set out in the section headed "How to Apply for Public Offer Shares and Reserved Shares — 3. Applying for Public Offer Shares and Reserved Shares" in this prospectus and on the **BLUE** Application Forms.

### **NO OVERSEAS REGISTRATION**

The documents issued and to be issued in connection with the Public Offer will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong.

### **THE PLACING**

#### **Number of Offer Shares initially offered**

The Placing will consist of an offering of initially 450,000,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Share Offer.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### **Allocation**

The Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the “book-building” process described in the section headed “Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Sole Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing and who has made an application under the Public Offer to provide sufficient information to the Sole Coordinator so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any allotment of Offer Shares under the Public Offer.

### **Reallocation**

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement described in the section headed “The Public Offer — Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

### **OVER-ALLOTMENT OPTION**

In connection with the Share Offer, our Company is expected to grant the Over-allotment Option to the Placing Underwriters, exercisable by the Sole Coordinator on behalf of the Placing Underwriters.

Pursuant to the Over-allotment Option, the Placing Underwriters will have the right, exercisable by the Sole Coordinator on behalf of the Placing Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Public Offer, to require our Company to issue up to an aggregate of 75,000,000 Shares, representing 15% of the total number of Offer Shares initially available under the Share Offer, at the Offer Price under the Placing to cover over-allocations in the Placing, if any. If the Over-allotment Option is exercised, an announcement will be made.



## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Share Offer, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action. Such stabilising action, if taken, (i) will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and in what the Stabilising Manager reasonably regards as the best interest of our Company, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Public Offer.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on 10 March 2017, being the 30th day after the last day for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

### **Over-allocation**

Following any over-allocation of Shares in connection with the Share Offer, the Stabilising Manager or any person acting for it may cover such over-allocations by, among others, exercising the Over-allotment Option in full or in part or by using Shares purchased by the Stabilising Manager or any person acting for it in the secondary market at prices that do not exceed the Offer Price or through the stock borrowing arrangement as detailed below or a combination of these means. Any such purchases will be made in accordance with the laws, rules, and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilizing) Rules, as amended and supplemented to from time to time made under the SFO. The number of Shares which can be over-allocated will not exceed 75,000,000 Shares, representing 15% of the Offer Shares initially available under the Share Offer.

### **STOCK BORROWING ARRANGEMENT**

In order to facilitate the settlement of over-allocations in connection with the Share Offer, the Stabilising Manager or any person acting for it may choose to borrow up to 75,000,000 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from Profit Chain pursuant to the Stock Borrowing Agreement, which may be entered into between the Stabilising Manager (or any person acting for it) and Profit Chain on or about Thursday, 9 February 2017, or acquire Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If such stock borrowing arrangement with Profit Chain is entered into, it will only be effected by the Stabilising Manager or any person acting for it for the settlement of over-allocations in the Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the Placing, are complied with.

The same number of Shares so borrowed must be returned to Profit Chain or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Profit Chain by the Stabilising Manager or any person acting for it in relation to such stock borrowing arrangement.

### PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Thursday, 9 February 2017 and, in any event, not later than Monday, 13 February 2017, by agreement between the Sole Coordinator (on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$1.1 per Offer Share and is expected to be not less than HK\$0.9 per Offer Share unless otherwise announced, as further explained below. Applicants under the Public Offer must pay, on application, the maximum Offer Price of HK\$1.1 per Offer Share plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$4,444.34 for one board lot of 4,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The Placing Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the Placing. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

The Sole Coordinator (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the Placing, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer.

## STRUCTURE AND CONDITIONS OF THE SHARE 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 for lodging applications under the Public Offer, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Coordinator (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Public Offer.

In the absence of any such notice so published, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon by the Sole Coordinator (on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the Preferential Offer, the basis of allocation of the Public Offer Shares and the Reserved Shares and the results of allocations in the Public Offer and the Preferential Offer are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Offer Shares and Reserved Shares — 11. Publication of Results” in this prospectus.

### UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms and conditions of the Public Offer Underwriting Agreement and is subject to our Company and the Sole Coordinator (on behalf of the Underwriters) agreeing on the Offer Price.

Our Company expects to enter into the Placing Underwriting Agreement relating to the Placing on or about the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

### CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares will be conditional on:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Share Offer (including any Shares to be issued upon the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange;
- (ii) the Offer Price having been agreed between our Company and the Sole Coordinator (on behalf of the Underwriters);

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (iii) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (iv) the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement and the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Coordinator (on behalf of the Underwriters) on or before Monday, 13 February 2017, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among others, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by our Company in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.ableeng.com.hk](http://www.ableeng.com.hk) on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Public Offer Shares and Reserved Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Monday, 20 February 2017 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting" in this prospectus has not been exercised.

### DEALING

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 20 February 2017, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 20 February 2017.

The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares will be 1627.

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

### 1. HOW TO APPLY

If you apply for Public Offer Shares, 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](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

If you are a Qualifying Vantage Shareholder holding 35 or more Vantage Shares as at 4:30 p.m. on the Record Date, you are also entitled to apply on the basis of an Preferential Entitlement of one Reserved Share for every integral multiple of 35 Vantage Shares held by you as at 4:30 p.m. on the Record Date under the Preferential Offer by using a **BLUE** Application Form.

Save as being a Qualifying Vantage Shareholder, 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 Sole Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason 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.

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

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 Sole Coordinator 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.

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 of its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are an associate or a close associate (as defined in the Listing Rules) of any of the above;
- are a connected person or a core connected person (as defined in the Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing, except in respect of Reserved Shares under the Preferential Offer.

You can apply for Reserved Shares on a **BLUE** Application Form if you or the person(s) for whose benefit you are applying are a Qualifying Vantage Shareholder holding 35 or more Vantage Shares as at 4:30 p.m. on the Record Date.

### 3. APPLYING FOR PUBLIC OFFER SHARES AND RESERVED 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](http://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.

For Reserved Shares under the Preferential Offer by a Qualifying Vantage Shareholder, use a **BLUE** Application Form.

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Thursday, 26 January 2017 to 12:00 noon on Wednesday, 8 February 2017 from:

- (i) any of the following offices of the Public Offer Underwriters:

**Ample Orient Capital Limited**

Unit 902, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong

**Convoy Investment Services Limited**

21/F, Tesbury Centre, 28 Queen's Road East, Admiralty, Hong Kong

**First Shanghai Securities Limited**

Room 1903, Wing On House, 71 Des Voeux Road Central, Hong Kong

**Guoyuan Capital (Hong Kong) Limited**

22/F, CCB Tower, 3 Connaught Road Central, Hong Kong

**Pacific Foundation Securities Limited**

11/F, New World Tower II, 16-18 Queen's Road Central, Hong Kong

**China-Hong Kong Link Securities Company Limited**

17/F, 80 Gloucester Road, Wanchai, Hong Kong

**Head & Shoulders Securities Limited**

Room 2511, 25/F, Cosco Tower, 183 Queen's Road Central, Hong Kong

**Quam Securities Company Limited**

18/F-19/F, China Building, 29 Queen's Road Central, Hong Kong

**Innovax Capital Limited**

Room 2002, 20/F, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong



## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

(ii) any of the following branches of the receiving bank:

### Bank of China (Hong Kong) Limited

	Branch	Address
<b>Hong Kong Island</b>	Bank of China Tower Branch	3/F, 1 Garden Road
	Wan Chai (Wu Chung House) Branch	213 Queen's Road East, Wan Chai
	King's Road Branch	131-133 King's Road, North Point
<b>Kowloon</b>	Prince Edward Branch	774 Nathan Road, Kowloon
	Jordan Road Branch	1/F, Sino Cheer Plaza, 23-29 Jordan Road
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
	Kwun Tong Plaza Branch	G1 Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong
	Metro City Branch	Shop 209, Level 2, Metro City Phase 1, Tseung Kwan O
<b>New Territories</b>	Citywalk Branch	Shop 65, G/F, Citywalk, 1 Yeung Uk Road, Tsuen Wan
	Tai Po Plaza Branch	Unit 4, Level 1 Tai Po Plaza, 1 On Tai Road, Tai Po

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Thursday, 26 January 2017 until 12:00 noon on Wednesday, 8 February 2017, 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 AND RESERVED SHARES

The **BLUE** Application Form has been despatched, if you are a Qualifying Vantage Shareholder with Preferential Entitlement, to your address recorded on the register of members of Vantage at 4:30 p.m. on the Record Date, together with a printed copy of this prospectus. An electronic copy of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of our Company at [www.ableeng.com.hk](http://www.ableeng.com.hk) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

Persons who hold their Vantage Shares in CCASS indirectly through a broker/custodian, and wish to participate in the Preferential Offer, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker or custodian for the timing on the processing of their instructions, and submit their instructions to the broker or custodian as required by them. Persons who hold the Vantage shares in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offer, should give their instructions to HKSCC via the CCASS Phone System or CCASS internet System no later than the deadline set by HKSCC or HKSCC Nominees.

Qualifying Vantage Shareholders who require a replacement **BLUE** Application Form should contact Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or on its hotline at 2980 1333.

### **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 "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — ABLE ENGINEERING 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:

9:00 a.m. to 5:00 p.m., Thursday, 26 January 2017  
9:00 a.m. to 5:00 p.m., Friday, 27 January 2017  
9:00 a.m. to 5:00 p.m., Wednesday, 1 February 2017  
9:00 a.m. to 5:00 p.m., Thursday, 2 February 2017  
9:00 a.m. to 5:00 p.m., Friday, 3 February 2017  
9:00 a.m. to 1:00 p.m., Saturday, 4 February 2017  
9:00 a.m. to 5:00 p.m., Monday, 6 February 2017  
9:00 a.m. to 5:00 p.m., Tuesday, 7 February 2017  
9:00 a.m. to 12:00 noon, Wednesday, 8 February 2017

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

Your completed **BLUE** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — ABLE ENGINEERING PREFERENTIAL OFFER**" for the payment, should be deposited in the special collection boxes at Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at the following times:

9:00 a.m. to 5:00 p.m., Thursday, 26 January 2017  
9:00 a.m. to 5:00 p.m., Friday, 27 January 2017  
9:00 a.m. to 5:00 p.m., Wednesday, 1 February 2017  
9:00 a.m. to 5:00 p.m., Thursday, 2 February 2017  
9:00 a.m. to 5:00 p.m., Friday, 3 February 2017  
9:00 a.m. to 1:00 p.m., Saturday, 4 February 2017  
9:00 a.m. to 5:00 p.m., Monday, 6 February 2017  
9:00 a.m. to 5:00 p.m., Tuesday, 7 February 2017  
9:00 a.m. to 12:00 noon, Wednesday, 8 February 2017

The application for the Public Offer Shares will commence on Thursday, 26 January 2017 up to Wednesday, 8 February 2017, being longer than normal market practice of four days.

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 8 February 2017, 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 below.

#### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Forms 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 (or 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 Sole Coordinator (or their 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 Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the 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;

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

- (v) confirm that you are aware of the restrictions on the Share Offer as set out in this prospectus;
- (vi) agree that none of our Company, the Sponsor, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners, 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 Placing Shares under the Placing nor participated in the Placing, except in respect of Reserved Shares applied under the Preferential Offer;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sponsor, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners, 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 Sponsor, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners 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 AND RESERVED SHARES

- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Hong Kong branch share register 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 first-named 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 except in respect of Reserved Shares applied under the Preferential Offer;
- (xvii) understand that our Company and the Sole Coordinator 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 anyone 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 his agent.

### **Additional Instructions for YELLOW Application Form**

You may refer to the **YELLOW** Application Form for details.

### **Terms, conditions and instructions for the BLUE Application Form**

You may refer to the **BLUE** Application Form for details.

5. APPLYING THROUGH HK EIPO WHITE FORM SERVICE

**General**

Individuals who meet the criteria in the sub-section headed “2. Who Can Apply” in this section above, 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](http://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.

**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](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 26 January 2017, until 11:30 a.m. on Wednesday, 8 February 2017, and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 8 February 2017, or such later time as specified in the sub-section headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section below.

**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 application 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 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).

HKSCC can also input electronic application instructions for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
Customer Service Centre  
1/F, One & Two Exchange Square,  
8 Connaught Place  
Central  
Hong Kong

and complete an input request form.

You can also collect a copy of this 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 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 Sole Coordinator 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 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;

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

- (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 Placing Shares under the Placing, except in respect of Reserved Shares under the Preferential Offer;
  - 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;
  - confirm that you understand that our Company, our Directors and the Sole Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any 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;



## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

- agree that none of our Company, the Sponsor, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners, 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 Sole Coordinator, 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;
- 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;

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by our 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 Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; 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 fee, 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 fee, 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.

### **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 relevant Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Thursday, 26 January 2017	:	9:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Friday, 27 January 2017	:	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Wednesday, 1 February 2017	:	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Thursday, 2 February 2017	:	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Friday, 3 February 2017	:	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Saturday, 4 February 2017	:	8:00 a.m. to 1:00 p.m. <sup>(1)</sup>
Monday, 6 February 2017	:	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Tuesday, 7 February 2017	:	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Wednesday, 8 February 2017	:	8:00 a.m. <sup>(1)</sup> 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 Thursday, 26 January 2017, until 12:00 noon on Wednesday, 8 February 2017 (24 hours daily, except the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Wednesday, 8 February 2017, 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 below.

### 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).

### 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 bank, the Sole Coordinator, 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 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, the Directors, the Sponsor, the Sole Coordinator, the Joint Lead Managers, the Joint Bookrunners and the Underwriters and their respective advisers and agents 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 and Reserved 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, 8 February 2017.

## 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for 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 **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 AND RESERVED 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).

If you are a Qualifying Vantage Shareholder applying for Reserved Shares under the Preferential Offer on a **BLUE** Application Form, you may also make one application for Public Offer Shares either on a **WHITE** or **YELLOW** Application Form or electronically through CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing Participant or a CCASS Custodian Participant) or submit an application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk). However, in respect of any application for Public Offer Shares, you will not enjoy the preferential treatment accorded to you under the Preferential Offer as described in the section headed “Structure and Conditions of the Share Offer — The Preferential Offer” in this prospectus.

### 9. HOW MUCH ARE THE PUBLIC OFFER SHARES AND RESERVED SHARES

The **WHITE**, **YELLOW** and **BLUE** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage fee, 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 and if you are a Qualifying Vantage Shareholder at the same time, you may also submit an application using a **BLUE** Application Form. 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 relevant Application Form, or as otherwise specified on the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

If your application is successful, brokerage fee 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 — Pricing and Allocation” 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, 8 February 2017. 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 anytime between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 8 February 2017, 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.

## 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 Preferential Offer and the basis of allocation of the Public Offer Shares and the Reserved Shares on Friday, 17 February 2017 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on our Company’s website at [www.ableeng.com.hk](http://www.ableeng.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://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 and the Preferential 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.ableeng.com.hk](http://www.ableeng.com.hk) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Friday, 17 February 2017;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, 17 February 2017, to 12:00 midnight on Thursday, 23 February 2017;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 17 February 2017, to Wednesday, 22 February 2017 (on a Business Day); and
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 17 February 2017, to Monday, 20 February 2017, at all the receiving bank’s designated branches.

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

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 and/or the Reserved 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 Conditions 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.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares and/or the Reserved 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 **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.

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Coordinator, 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 and Reserved Shares is void:**

The allotment of Public Offer Shares and Reserved Shares will be void if the Listing Committee 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.

(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 Sole Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application under the Public Offer is for more than 50% of the 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\$1.1 per Offer Share (excluding brokerage fee, 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 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 fee, 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 Friday, 17 February 2017.

**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) and one share certificate for all Reserved Shares allotted to you under the Preferential Offer.

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**, **YELLOW** and/or **BLUE** 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 and/or Reserved 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 and/or Reserved 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 fee, 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).

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Friday, 17 February 2017. 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 Monday, 20 February 2017, provided that the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised and the Share Offer has become unconditional. 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** or **BLUE** Application Form*

If you apply for 1,000,000 or more Public Offer Shares or 1,000,000 or more Reserved 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 Friday, 17 February 2017, 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.

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 or less than 1,000,000 Reserved Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Friday, 17 February 2017, 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 for collection of your refund cheque(s) as described in (i) 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 Friday, 17 February 2017, by ordinary post and at your own risk.

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

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 Friday, 17 February 2017 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 section headed "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 17 February 2017 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 or more Public Offer Shares 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 Friday, 17 February 2017 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.

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 Friday, 17 February 2017 by ordinary post at your own risk.

## HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

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 Friday, 17 February 2017 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 section headed "11. Publication of Results" above on Friday, 17 February 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 17 February 2017 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 AND RESERVED 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 Friday, 17 February 2017. 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 fee, 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 Friday, 17 February 2017.

### 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 the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.*



22nd Floor,  
CITIC Tower,  
1 Tim Mei Avenue,  
Central, Hong Kong

26 January 2017

The Directors  
Able Engineering Holdings Limited

Ample Capital Limited

Dear Sirs,

We set out below our report on the financial information of Able Engineering Holdings Limited (the “**Company**”) and its subsidiaries hereinafter collectively referred to as the “**Group**”) comprising the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 (the “**Track Record Period**”), and the combined statements of financial position of the Group as at 31 March 2014, 2015 and 2016, and the financial position of the Company as at 31 July 2016, together with the notes thereto (the “**Financial Information**”) and the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the four months ended 31 July 2015 (the “**Interim Comparative Information**”), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 26 January 2017 (the “**Prospectus**”) in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company was incorporated in the Cayman Islands as a company with limited liability on 11 July 2016. Pursuant to a group reorganisation (the “**Reorganisation**”) as more fully explained in the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in the Prospectus which was completed on 12 January 2017, the Company became the holding company of the subsidiaries now comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 March as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Track Record Period are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the “**Directors**”) have prepared the combined financial statements of the Group (the “**Underlying Financial Statements**”) for the Track Record Period in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The Underlying Financial Statements for each of the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

### **Directors' responsibility**

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

### **Reporting accountants' responsibility**

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

#### **Opinion in respect of the Financial Information**

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the financial position of the Group as at 31 March 2014, 2015 and 2016, and of the Company as at 31 July 2016, and of the financial performance and cash flows of the Group for each of the Track Record Period.

#### **Review conclusion in respect of the Interim Comparative Information**

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.



## I. FINANCIAL INFORMATION

## (A) COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March			Four months ended 31 July	
		2014	2015	2016	2015	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						(unaudited)
REVENUE	6	2,703,899	2,117,353	2,502,920	1,149,515	543,384
Contract costs		<u>(2,599,673)</u>	<u>(1,997,722)</u>	<u>(2,204,176)</u>	<u>(1,076,460)</u>	<u>(479,647)</u>
Gross profit		104,226	119,631	298,744	73,055	63,737
Other income and gains, net	6	3,800	1,925	3,291	692	1,020
Administrative expenses		(45,308)	(46,248)	(58,078)	(30,775)	(29,898)
Finance costs	8	(2,279)	(4,644)	(2,535)	(1,684)	(15)
Share of profits and losses of a joint venture	15	<u>7,767</u>	<u>9,651</u>	<u>(102)</u>	<u>12,905</u>	<u>1,689</u>
PROFIT BEFORE TAX	7	68,206	80,315	241,320	54,193	36,533
Income tax expenses	11	<u>(9,892)</u>	<u>(11,630)</u>	<u>(39,430)</u>	<u>(6,784)</u>	<u>(5,670)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>58,314</u>	<u>68,685</u>	<u>201,890</u>	<u>47,409</u>	<u>30,863</u>
Profit and total comprehensive income attributable to owners of the Company		<u>58,314</u>	<u>68,685</u>	<u>201,890</u>	<u>47,409</u>	<u>30,863</u>

## (B) COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 March			As at
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	31 July 2016 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	1,654	2,116	6,214	6,473
Investment in a joint venture	15	70,629	26,829	26,727	28,416
Deferred tax assets	24	490	550	931	596
Total non-current assets		<u>72,773</u>	<u>29,495</u>	<u>33,872</u>	<u>35,485</u>
CURRENT ASSETS					
Gross amount due from customers for contract work	16	272,015	102,515	163,502	288,670
Accounts receivable	17	263,632	410,315	297,814	320,700
Prepayments, deposits and other receivables	18	31,509	27,487	12,739	24,391
Due from the Remaining Vantage Group	20	1,292	3,215	917	203
Loans to the Remaining Vantage Group	20	558,382	589,222	–	–
Tax recoverable		603	2,403	989	–
Cash and cash equivalents	19	231,407	412,457	1,084,818	482,453
Total current assets		<u>1,358,840</u>	<u>1,547,614</u>	<u>1,560,779</u>	<u>1,116,417</u>
CURRENT LIABILITIES					
Accounts and bills payables	21	432,787	429,572	416,836	469,309
Accruals of costs for contract work		53,175	108,122	74,585	6,490
Tax payable		4,513	3,892	27,617	32,926
Other payables and accruals	22	12,186	12,433	16,595	17,533
Due to a joint venture	15(b)	65,401	26,074	33,604	7,313
Loans from the Remaining Vantage Group	20	–	–	22,509	–
Due to the Remaining Vantage Group	20	33,727	41,526	37,347	23,424
Interest-bearing bank loans	23	138,135	194,976	2,549	1,009
Total current liabilities		<u>739,924</u>	<u>816,595</u>	<u>631,642</u>	<u>558,004</u>

	Notes	As at 31 March			As at
		2014	2015	2016	31 July
		HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000	
NET CURRENT ASSETS		618,916	731,019	929,137	558,413
TOTAL ASSETS LESS CURRENT LIABILITIES		691,689	760,514	963,009	593,898
NON-CURRENT LIABILITY					
Deferred tax liabilities	24	113	253	858	884
Total non-current liability		113	253	858	884
Net assets		691,576	760,261	962,151	593,014
EQUITY					
<b>Equity attributable to owners of the Company</b>					
Share capital	25	-	-	-	-
Reserves	26	691,576	760,261	962,151	593,014
Total equity		691,576	760,261	962,151	593,014

## (C) COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company			Total equity HK\$'000
	Issued capital HK\$'000	Merger reserve HK\$'000 (note 26(b))	Retained profits HK\$'000	
At 1 April 2013	–	16,409	614,053	630,462
Profit and total comprehensive income for the year	–	–	58,314	58,314
Issue of shares of a subsidiary	–	2,800	–	2,800
At 31 March 2014 and 1 April 2014	–	19,209*	672,367*	691,576
Profit and total comprehensive income for the year	–	–	68,685	68,685
At 31 March 2015 and 1 April 2015	–	19,209*	741,052*	760,261
Profit and total comprehensive income for the year	–	–	201,890	201,890
At 31 March 2016 and 1 April 2016	–	19,209*	942,942*	962,151
Profit and total comprehensive income for the period	–	–	30,863	30,863
Dividend paid to then shareholder (note 12)	–	–	(400,000)	(400,000)
At 31 July 2016	–	19,209*	573,805*	593,014
At 1 April 2015	–	19,209	741,052	760,261
Profit and total comprehensive income for the period (unaudited)	–	–	47,409	47,409
At 31 July 2015 (unaudited)	–	19,209	788,461	807,670

\* These reserve accounts comprise the combined reserves of HK\$691,576,000, HK\$760,261,000, HK\$962,151,000 and HK\$593,014,000 in the combined statements of financial position as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively.

## (D) COMBINED STATEMENTS OF CASH FLOWS

Notes	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 <i>(unaudited)</i>	2016 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
	68,206	80,315	241,320	54,193	36,533
Profit before tax					
Adjustments for:					
Finance costs	8	2,279	4,644	2,535	1,684
Share of profits and losses of a joint venture		(7,767)	(9,651)	102	(12,905)
Interest income	6	(3,375)	(1,776)	(2,589)	(658)
Depreciation	7	1,799	1,607	1,791	313
Gain on disposal of items of property, plant and equipment	6	(28)	(21)	(202)	-
	61,114	75,118	242,957	42,627	34,746
Decrease/(increase) in gross amount due from customers for contract work		110,501	169,500	(60,987)	(8,401)
Decrease/(increase) in accounts receivable		204,333	(146,683)	112,501	(185,109)
Decrease/(increase) in prepayments, deposits and other receivables		1,517	4,022	14,748	9,837
Decrease/(increase) in amounts due from the Remaining Vantage Group		3,105	(1,923)	2,298	874
Increase/(decrease) in amounts due to the Remaining Vantage Group		(119,973)	7,799	(4,179)	27,214
Increase/(decrease) in accounts and bills payable		(98,832)	(3,215)	(12,736)	(23,219)
Increase/(decrease) in accruals of costs for contract work		(15,112)	54,947	(33,537)	119,837
Increase/(decrease) in other payables and accruals		(151)	247	4,162	1,069
Cash generated from/(used in) operations		146,502	159,812	265,227	(15,271)
Interest received		3,375	1,776	2,589	658
Interest paid		(2,279)	(4,644)	(2,535)	(1,684)
Hong Kong profits tax refunded/(paid)		(8,831)	(13,971)	(14,067)	-
Net cash flows from/(used in) operating activities		138,767	142,973	251,214	(16,297)

	Note	Year ended 31 March			Four months ended	
		2014	2015	2016	31 July	
		HK\$'000	HK\$'000	HK\$'000	2015	2016
				HK\$'000	HK\$'000	
				<i>(unaudited)</i>		
Net cash flows from/(used in) operating activities		138,767	142,973	251,214	(16,297)	(150,859)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions of items of property, plant and equipment		(715)	(2,069)	(5,889)	(17)	(1,166)
Proceeds from disposal of items of property, plant and equipment		28	21	202	-	-
Loans advance to the Remaining Vantage Group		(255,703)	(30,840)	-	-	-
Loans repayment from the Remaining Vantage Group		-	-	589,222	416,347	-
Net cash flows from/(used in) investing activities		(256,390)	(32,888)	583,535	416,330	(1,166)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans		264,029	332,780	-	23,953	-
Repayment of bank loans		(159,600)	(275,939)	(192,427)	-	(1,540)
New loans from the Remaining Vantage Group		-	-	22,509	-	-
Repayment of loans to the Remaining Vantage Group		-	-	-	-	(22,509)
Increase in amount due to a joint venture		11,950	14,124	7,530	7,530	-
Decrease in amount due to a joint venture		-	-	-	-	(26,291)
Issue of shares of a subsidiary		2,800	-	-	-	-
Dividends paid		-	-	-	-	(400,000)
Net cash flows from/(used in) financing activities		119,179	70,965	(162,388)	31,483	(450,340)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,556	181,050	672,361	431,516	(602,365)
Cash and cash equivalents at beginning of year/period		229,851	231,407	412,457	412,457	1,084,818
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>231,407</u>	<u>412,457</u>	<u>1,084,818</u>	<u>843,973</u>	<u>482,453</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	19	231,407	412,457	1,084,818	843,973	482,453
Cash and cash equivalents as stated in the combined statements of cash flows and combined statements of financial position		<u>231,407</u>	<u>412,457</u>	<u>1,084,818</u>	<u>843,973</u>	<u>482,453</u>

## (E) STATEMENTS OF FINANCIAL POSITION

	<i>Note</i>	<b>As at 31 July 2016 HK\$'000</b>
NON-CURRENT ASSETS		
Investment in a subsidiary		—
CURRENT LIABILITIES		
Other payables and accruals		100
Due to a subsidiary		34
		134
Net liabilities		<u>(134)</u>
DEFICIENCY IN ASSETS		
Share capital	25	—
Accumulated losses		(134)
Total deficiency in assets		<u>(134)</u>

## II. NOTES TO FINANCIAL INFORMATION

### 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Cayman Islands. The registered office of the Company is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong.

The Company is an investment holding company. During the Track Record Period, the Company's subsidiaries were engaged in building construction and maintenance businesses.

In the opinion of the Directors, Profit Chain Investments Limited ("**Profit Chain**"), a company incorporated in the British Virgin Islands ("**BVI**"), is the immediate holding company of the Company; Vantage International (Holdings) Limited ("**Vantage**"), a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange, is the intermediate holding company of the Company; and the ultimate holding company of the Company is Winhale Ltd., a company incorporated in the BVI.

The Company and its subsidiaries are hereafter collectively referred to as the "Group"; whereas Vantage and its subsidiaries, but excluding the Group, are collectively referred to as the "Remaining Vantage Group".

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in the Prospectus.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Vital Tool Limited (Note (a))	BVI 16 July 2015	US\$1 Ordinary	100	–	Investment holding
Able Engineering Company Limited (Note (b)) (" <b>Able Engineering</b> ")	Hong Kong 21 May 1976	HK\$7,589,000 Ordinary HK\$11,600,000 Non-voting deferred (Note (c))	–	100	Building construction and maintenance
Able Contractors Limited (Note (b))	Hong Kong 3 October 1997	HK\$10,000 Ordinary	–	100	Building construction
Able Contracting Limited (Note (b))	Hong Kong 7 May 2008	HK\$1 Ordinary	–	100	Building maintenance
Able Maintenance Company Limited (Note (b))	Hong Kong 13 December 1996	HK\$10,000 Ordinary	–	100	Building construction and maintenance



Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Able Building Construction Limited ( <i>Note (b)</i> )	Hong Kong 18 April 2006	HK\$1 Ordinary	-	100	Building construction and maintenance
Able Tool Limited (formerly known as Able Engineering Holdings Limited)	Hong Kong 15 April 2016	HK\$1 Ordinary	-	100	Investment holding

*Notes:*

- (a) No audited financial statements have been prepared for this entity since its incorporation as this entity is not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.
- (b) The statutory financial statements of these entities for the years ended 31 March 2014, 2015 and 2016 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.
- (c) The non-voting deferred shares are only entitled to (i) profit/dividend distribution in any financial year if the profit of Able Engineering exceeds HK\$1,000 billion and (ii) return of assets upon winding-up of Able Engineering if the assets of Able Engineering exceeds HK\$5,000 billion.

**2.1 BASIS OF PRESENTATION**

Pursuant to the Reorganisation as more fully explained in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Track Record Period on 12 January 2017. The companies now comprising the Group were under the common control of the same controlling shareholder before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the Track Record Period and the four months ended 31 July 2015 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholder, where this is a shorter period. The combined statements of financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 July 2016 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation. All intra-group transactions and balances have been eliminated on combination.

**2.2 BASIS OF PREPARATION**

The Financial Information has been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA, and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 April 2016, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Track Record Period and in the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 2	<i>Share-based Payment</i> <sup>1</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
HKFRS 16	<i>Leases</i> <sup>3</sup>
Amendments to HKAS 7	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> No mandatory effective date is determined but is available for early adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. Further information about those HKFRSs that are expected to be applicable to the Group is as follow:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. During the Track Record Period, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

The expected impacts on impairment arising from the adoption of HKFRS 9 are summarised as follows:

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its accounts receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its accounts receivables upon the adoption of HKFRS 9. A reasonable estimate will be available once a detailed review has been completed. The adoption of HKFRS 9 might have an impact on the Group's financial performance and financial position, including the measurement of financial assets and disclosures. In particular, the adoption of an expected credit losses impairment model may result in earlier recognition of credit losses of the Group's accounts receivables.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 April 2018.

The management of the Group is in the process of making an assessment of the potential impact of the application of HKFRS 15 and it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the detailed review is performed by the Group.

HKFRS 16 Leases was issued by the HKICPA in May 2016. HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. For lessee accounting, the standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. For lessor accounting, the standard substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group expects to adopt HKFRS 16 on 1 April 2019. Based on the Group's undiscounted operating lease commitment of HK\$13,356,000 as set out in note 28 to the Financial Information, the adoption is expected to have an impact on the financial position and financial performance of the Group and the detailed assessment is still in progress.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Business combinations**

The Financial Information includes the financial statements of the Company and its subsidiaries now comprising the Group for the Track Record Period. As explained in note 2.1 above, the acquisition of subsidiaries and business under common control has been accounted for using merger accounting.

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Except for the common control combination as mentioned above, the results of subsidiaries are combined from the date of acquisition, being the date on which the Group obtains control, and continue to be combined until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on combination in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

### **Subsidiaries**

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable.

### **Investment in a joint venture**

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

The Group's investments in a joint venture is stated in the combined statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of joint venture are included in the combined statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the combined statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's investments in the joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint venture is included as part of the Group's investments in joint venture.

If an investment in a joint venture becomes an investment in an associate, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Fair value measurement**

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

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

**Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

**Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

**Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease term and 20%
Computer equipment	20% to 24%
Furniture, fixtures and office equipment	20% to 33%
Motor vehicles	24% to 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### **Leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

#### **Investments and other financial assets**

##### *Initial recognition and measurement*

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

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

The Group's financial assets include cash and cash equivalents, amounts due from the Remaining Vantage Group, loans to the Remaining Vantage Group, deposits and other receivables.

##### *Subsequent measurement*

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

*Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

**Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.



If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

### **Financial liabilities**

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include accounts and other payable, accruals, amounts due to a joint venture and the Remaining Vantage Group, loans from the Remaining Vantage Group and interest-bearing bank and other loans.

#### *Subsequent measurement*

#### *Loans and borrowings*

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

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

#### *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

#### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

**Cash and cash equivalents**

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

**Income tax**

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

#### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

#### **Revenue recognition**

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

- (a) from construction, renovation and other contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction, renovation and other contracts" below;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (c) dividend income, when the shareholders' right to receive payment has been established.

#### **Construction, renovation and other contracts**

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

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

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract work.

**Other employee benefits***Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

*Pension scheme*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operates a Mandatory Provident Fund Exempted Occupational Retirement Schemes Ordinance ("ORSO") retirement benefit scheme for those employees who are eligible to participate in the ORSO scheme. This scheme operates in a way similar to the MPF Scheme, except that when an employee leaves the scheme prior to his/her interest in the Group's employee contributions vesting fully, the ongoing contributions payable by the Group are reduced by the relevant amount of forfeited employer's contributions.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Dividends**

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

*Construction, renovation and other contracts*

As further explained in note 3 to the Financial Information, revenue and profit recognition on contract work is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Based on the Group's past experience and the nature of the contract activities undertaken by the Group, the Group determine the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. As a result, until this point is reached, the amount of contract revenue recognised would not include profit which the Group may eventually realise from the work performed to date. In addition, actual outcomes in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of the reporting period, which would affect the revenue and profit to be recognised in future years.

Significant assumptions are required to estimate the total contract costs that would affect the total outcome of the construction contract. The estimates were made based on past experience and knowledge of the project and the market.

**5. OPERATING SEGMENT INFORMATION**

For management purposes, the Group has only one reportable operating segment which is the contract work segment of which the Group engages in contract work as a main contractor or subcontractor, primarily in respect of building construction, repair, maintenance and addition and alteration works. Accordingly, no segment information is presented.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the Track Record Period and the four months ended 31 July 2015, and the non-current assets of the Group were all located in Hong Kong as at 31 March 2014, 2015 and 2016 and 31 July 2016.

**Information about major customers**

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

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
				<i>(unaudited)</i>	
Customer A	830,191	835,037	451,321	136,217	154,365
Customer B	768,969	N/A*	N/A*	N/A*	N/A*
Customer C	375,472	N/A*	N/A*	N/A*	N/A*
Customer D	N/A*	357,600	1,018,197	737,991	N/A*
Customer E	N/A*	307,784	519,802	172,644	N/A*
Customer F	N/A*	N/A*	N/A*	N/A*	232,137

\* Less than 10% of the Group's revenue

Except for the aforesaid, no other single external customer accounted for 10% or more of the Group's revenue.

## Information about products and services

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 <i>(unaudited)</i>	2016 HK\$'000
Revenue from external customers:					
Contract work for building construction	1,582,034	1,309,833	2,022,826	987,709	428,419
Contract work for repair, maintenance and addition and alteration	1,121,865	807,520	480,094	161,806	114,965
	<u>2,703,899</u>	<u>2,117,353</u>	<u>2,502,920</u>	<u>1,149,515</u>	<u>543,384</u>

## 6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the appropriate proportion of contract revenue from construction, maintenance and other contracts during the year/period.

An analysis of the Group's revenue, other income and gains, net, is as follows:

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 <i>(unaudited)</i>	2016 HK\$'000
<b>Revenue</b>					
Contract revenue	<u>2,703,899</u>	<u>2,117,353</u>	<u>2,502,920</u>	<u>1,149,515</u>	<u>543,384</u>
<b>Other income and gains</b>					
Interest income	3,375	1,776	2,589	658	1,020
Gain on disposals of items of property, plant and equipment	28	21	202	-	-
Sundry income	397	128	500	34	-
	<u>3,800</u>	<u>1,925</u>	<u>3,291</u>	<u>692</u>	<u>1,020</u>

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Note	Year ended 31 March			Four months ended 31 July	
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Depreciation	14	1,799	1,607	1,791	313	907
Auditors' remuneration		1,530	1,590	1,680	560	662
Employee benefit expense (excluding of directors' remuneration – note 9):						
Wages and salaries		106,174	95,519	111,701	33,540	41,456
Pension scheme contributions (defined contribution schemes)		3,608	3,366	3,383	1,056	1,368
		<u>109,782</u>	<u>98,885</u>	<u>115,084</u>	<u>34,596</u>	<u>42,824</u>
Minimum lease payments under operating leases		18,408	18,368	18,855	5,394	4,190
Government subsidies*		(387)	(116)	(156)	(34)	–

\* Subsidies have been received from the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the HKSAR Government, for providing on-the-job training for graduate engineers and trainees, respectively. There were no unfulfilled conditions or contingencies relating to these subsidies.

## 8. FINANCE COSTS

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Interest on bank loans	<u>2,279</u>	<u>4,644</u>	<u>2,535</u>	<u>1,684</u>	<u>15</u>

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Ngai Chun Hung, Mr. Yau Kwok Fai were appointed as executive directors of the Company on 11 July 2016. Mr. Yam Kui Hung, Mr. Lau Chi Fai and Mr. Cheung Ho Yuen were appointed as executive directors of the Company on 6 September 2016. Mr. Ip Yik Nam was also appointed as the chief executive officer and executive director of the Company on 6 September 2016.

Subsequent to the end of the Track Record Period, Dr. Li Yok Sheung, Ms. Mak Suk Hing and Ms. Leung Yuen Shan, Maisy were appointed as independent non-executive directors of the Company on 18 January 2017.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or officers of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Fees	-	-	-	-	-
Other emoluments:					
Salaries, allowances and benefits in kind	4,068	4,755	5,234	1,661	1,487
Performance-related bonuses	310	582	654	213	-
Pension scheme contributions (defined contribution schemes)	45	54	54	18	23
	<u>4,423</u>	<u>5,391</u>	<u>5,942</u>	<u>1,892</u>	<u>1,510</u>
	<u>4,423</u>	<u>5,391</u>	<u>5,942</u>	<u>1,892</u>	<u>1,510</u>

#### Executive directors

Year ended 31 March 2014	Fees HK\$'000	Salaries, allowances and benefits in kind	Performance- related bonuses	Pension scheme contributions	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Executive directors</b>					
Mr. Ngai Chun Hung	-	1,416	-	-	1,416
Mr. Yau Kwok Fai	-	-	-	-	-
Mr. Yam Kui Hung	-	1,200	-	15	1,215
Mr. Lau Chi Fai, Daniel	-	876	216	15	1,107
Mr. Cheung Ho Yuen	-	576	94	15	685
	<u>-</u>	<u>4,068</u>	<u>310</u>	<u>45</u>	<u>4,423</u>



Year ended 31 March 2015	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance- related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>					
Mr. Ngai Chun Hung	-	1,812	-	-	1,812
Mr. Yau Kwok Fai	-	-	-	-	-
Mr. Yam Kui Hung	-	1,200	100	18	1,318
Mr. Lau Chi Fai, Daniel	-	1,029	380	18	1,427
Mr. Cheung Ho Yuen	-	714	102	18	834
	-	4,755	582	54	5,391

Year ended 31 March 2016	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance- related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>					
Mr. Ngai Chun Hung	-	1,812	-	-	1,812
Mr. Yau Kwok Fai	-	-	-	-	-
Mr. Yam Kui Hung	-	1,290	205	18	1,513
Mr. Lau Chi Fai, Daniel	-	1,302	319	18	1,639
Mr. Cheung Ho Yuen	-	830	130	18	978
	-	5,234	654	54	5,942

Four months ended 31 July 2015 (unaudited)	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance- related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>					
Mr. Ngai Chun Hung	-	604	-	-	604
Mr. Yau Kwok Fai	-	-	-	-	-
Mr. Yam Kui Hung	-	410	100	6	516
Mr. Lau Chi Fai, Daniel	-	396	85	6	487
Mr. Cheung Ho Yuen	-	251	28	6	285
	-	1,661	213	18	1,892

Four months ended 31 July 2016	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance- related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>					
Mr. Ngai Chun Hung	-	-	-	-	-
Mr. Yau Kwok Fai	-	-	-	-	-
Mr. Yam Kui Hung	-	440	-	6	446
Mr. Lau Chi Fai, Daniel	-	460	-	6	466
Mr. Cheung Ho Yuen	-	274	-	6	280
Mr. Ip Yik Nam	-	313	-	5	318
	<u>-</u>	<u>1,487</u>	<u>-</u>	<u>23</u>	<u>1,510</u>

There were no fees and other emoluments payable to the independent non-executive directors during the Track Record Period and the four months ended 31 July 2015.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period and the four months ended 31 July 2015.

During the Track Record Period and the four months ended 31 July 2015, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

#### 10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2015 included three, three, two, three and two directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining non-director, highest paid employees for the Track Record Period and the four months ended 31 July 2015 are as follows:

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
Salaries, allowances and benefits in kind	1,908	2,504	3,159	1,178	1,684
Performance-related bonuses	310	530	2,853	317	90
Pension scheme contributions	30	35	54	18	24
	<u>2,248</u>	<u>3,069</u>	<u>6,066</u>	<u>1,513</u>	<u>1,798</u>

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

	Year ended 31 March			Four months ended 31 July	
	2014	2015	2016	2015 <i>(unaudited)</i>	2016
HK\$1 to HK\$500,000	-	-	-	1	2
HK\$500,001 to HK\$1,000,000	-	-	-	1	1
HK\$1,000,001 to HK\$1,500,000	2	1	-	-	-
HK\$1,500,001 to HK\$2,000,000	-	1	1	-	-
HK\$2,000,001 to HK\$2,500,000	-	-	2	-	-
	<u>2</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>

During the Track Record Period and the four months ended 31 July 2015, no emoluments were paid by the Group to any of the non-director, highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office nor has any director waived or agreed to waive any emoluments.

#### 11. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for each of the Track Record Period and the four months ended 31 July 2015.

	Year ended 31 March			Four months ended 31 July	
	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> <i>(unaudited)</i>	2016 <i>HK\$'000</i>
Current – Hong Kong					
Charge for the years/period	10,019	11,550	39,206	7,096	5,309
Over provision in prior years	(40)	-	-	-	-
Deferred <i>(note 24)</i>	<u>(87)</u>	<u>80</u>	<u>224</u>	<u>(312)</u>	<u>361</u>
Total tax charge for the year/period	<u>9,892</u>	<u>11,630</u>	<u>39,430</u>	<u>6,784</u>	<u>5,670</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the tax expense at the effective tax rate is as follows:

	Year ended 31 March			Four months ended	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Profit before tax	<u>68,206</u>	<u>80,315</u>	<u>241,320</u>	<u>54,193</u>	<u>36,533</u>
Tax at the Hong Kong statutory tax rate of 16.5%	11,254	13,252	39,818	8,942	6,028
Adjustments in respect of current tax of previous years/periods	(40)	-	-	-	-
Profit and losses attributable to a joint venture	(1,282)	(1,593)	17	(2,129)	(279)
Income not subject to tax	(8)	-	(366)	(24)	(140)
Expenses not deductible for tax	5	2	3	-	-
Tax losses utilised from previous periods	-	-	(7)	(7)	-
Tax losses not recognised	3	9	5	2	61
Others	<u>(40)</u>	<u>(40)</u>	<u>(40)</u>	<u>-</u>	<u>-</u>
Tax charge at the Group's effective tax rate	<u>9,892</u>	<u>11,630</u>	<u>39,430</u>	<u>6,784</u>	<u>5,670</u>

## 12. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

In July 2016, Able Engineering declared and paid a special dividend of HK\$400,000,000 to its then shareholder, Profit Chain.

In October 2016, certain members of the Group declared a special dividend of HK\$200,000,000 to their then shareholder, Profit Chain, and such dividends were paid in November 2016.

## 13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Track Record Period and the four months ended 31 July 2015 on a combined basis as disclosed in note 2.1 above.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Total HK\$'000
<b>31 March 2014</b>					
At 1 April 2013:					
Cost	3,779	10,422	8,565	3,732	26,498
Accumulated depreciation	<u>(3,613)</u>	<u>(9,744)</u>	<u>(7,342)</u>	<u>(3,061)</u>	<u>(23,760)</u>
Net carrying amount	<u>166</u>	<u>678</u>	<u>1,223</u>	<u>671</u>	<u>2,738</u>
At 1 April 2013, net of accumulated depreciation					
	166	678	1,223	671	2,738
Additions	-	10	705	-	715
Depreciation provided for the year	<u>(55)</u>	<u>(415)</u>	<u>(1,062)</u>	<u>(267)</u>	<u>(1,799)</u>
At 31 March 2014, net of accumulated depreciation					
	<u>111</u>	<u>273</u>	<u>866</u>	<u>404</u>	<u>1,654</u>
At 31 March 2014:					
Cost	3,779	10,432	9,242	3,732	27,185
Accumulated depreciation	<u>(3,668)</u>	<u>(10,159)</u>	<u>(8,376)</u>	<u>(3,328)</u>	<u>(25,531)</u>
Net carrying amount	<u>111</u>	<u>273</u>	<u>866</u>	<u>404</u>	<u>1,654</u>

	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Total HK\$'000
<b>31 March 2015</b>					
At 1 April 2014:					
Cost	3,779	10,432	9,242	3,732	27,185
Accumulated depreciation	<u>(3,668)</u>	<u>(10,159)</u>	<u>(8,376)</u>	<u>(3,328)</u>	<u>(25,531)</u>
Net carrying amount	<u>111</u>	<u>273</u>	<u>866</u>	<u>404</u>	<u>1,654</u>
At 1 April 2014, net of accumulated depreciation					
	111	273	866	404	1,654
Additions	–	16	2,053	–	2,069
Depreciation provided for the year	<u>(56)</u>	<u>(187)</u>	<u>(1,191)</u>	<u>(173)</u>	<u>(1,607)</u>
At 31 March 2015, net of accumulated depreciation					
	<u>55</u>	<u>102</u>	<u>1,728</u>	<u>231</u>	<u>2,116</u>
At 31 March 2015:					
Cost	3,779	10,448	8,984	3,732	26,943
Accumulated depreciation	<u>(3,724)</u>	<u>(10,346)</u>	<u>(7,256)</u>	<u>(3,501)</u>	<u>(24,827)</u>
Net carrying amount	<u>55</u>	<u>102</u>	<u>1,728</u>	<u>231</u>	<u>2,116</u>
<b>31 March 2016</b>					
At 1 April 2015:					
Cost	3,779	10,448	8,984	3,732	26,943
Accumulated depreciation	<u>(3,724)</u>	<u>(10,346)</u>	<u>(7,256)</u>	<u>(3,501)</u>	<u>(24,827)</u>
Net carrying amount	<u>55</u>	<u>102</u>	<u>1,728</u>	<u>231</u>	<u>2,116</u>
At 1 April 2015, net of accumulated depreciation					
	55	102	1,728	231	2,116
Additions	–	319	5,357	213	5,889
Depreciation provided for the year	<u>(55)</u>	<u>(72)</u>	<u>(1,429)</u>	<u>(235)</u>	<u>(1,791)</u>
At 31 March 2016, net of accumulated depreciation					
	<u>–</u>	<u>349</u>	<u>5,656</u>	<u>209</u>	<u>6,214</u>
At 31 March 2016:					
Cost	3,779	10,767	12,956	3,945	31,447
Accumulated depreciation	<u>(3,779)</u>	<u>(10,418)</u>	<u>(7,300)</u>	<u>(3,736)</u>	<u>(25,233)</u>
Net carrying amount	<u>–</u>	<u>349</u>	<u>5,656</u>	<u>209</u>	<u>6,214</u>

	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Total HK\$'000
<b>31 July 2016</b>					
At 1 April 2016:					
Cost	3,779	10,767	12,956	3,945	31,447
Accumulated depreciation	(3,779)	(10,418)	(7,300)	(3,736)	(25,233)
Net carrying amount	<u>–</u>	<u>349</u>	<u>5,656</u>	<u>209</u>	<u>6,214</u>
At 1 April 2016, net of accumulated depreciation					
–	–	349	5,656	209	6,214
Additions	–	112	1,008	46	1,166
Depreciation provided for the period	–	(48)	(842)	(17)	(907)
At 31 July 2016, net of accumulated depreciation	<u>–</u>	<u>413</u>	<u>5,822</u>	<u>238</u>	<u>6,473</u>
At 31 July 2016:					
Cost	3,779	10,879	13,964	3,991	32,613
Accumulated depreciation	(3,779)	(10,466)	(8,142)	(3,753)	(26,140)
Net carrying amount	<u>–</u>	<u>413</u>	<u>5,822</u>	<u>238</u>	<u>6,473</u>

#### 15. INVESTMENT IN A JOINT VENTURE

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of net assets	<u>70,629</u>	<u>26,829</u>	<u>26,727</u>	<u>28,416</u>

Particulars of the joint venture are as follows:

Name	Business structure	Place of registration and operation	Percentage of			Principal activity
			Ownership interest	Voting power	Profit sharing	
Leighton-Able Joint Venture ("Leighton JV")	Body unincorporate	Hong Kong	49	50	49	Building construction

Notes:

- (a) The following tables illustrate the summarised financial information in respect of Leighton JV, which is considered as a material joint venture of the Group, and reconciled to its carrying amount in the combined financial statements:

## (i) Summarised financial information of Leighton JV

	As at 31 March			As at
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
Cash and cash equivalents	219,859	221,960	32,488	95,911
Other current assets	155,449	87,965	255,396	77,733
Current assets	375,308	309,925	287,884	173,644
Financial liabilities, excluding trade and other liabilities	(34,146)	(30,685)	(64,677)	(65,230)
Other current liabilities	(197,022)	(224,487)	(168,661)	(50,422)
Current liabilities	(231,168)	(255,172)	(233,338)	(115,652)
Net assets	144,140	54,753	54,546	57,992

Reconciliation to the Group's interest in Leighton JV:

	As at 31 March			As at
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
Proportion of the Group's ownership	49%	49%	49%	49%
Carrying amount of the investment in Leighton JV	70,629	26,829	26,727	28,416
				<b>Four months ended</b>
				<b>31 July</b>
				<b>2016</b>
				HK\$'000
Revenue	560,880	514,131	1,113,555	240,574
Tax	(3,269)	(3,892)	-	(681)
Profit/(loss) and total comprehensive income/(loss) for the year/period	15,851	19,696	(208)	3,447
Dividend*	-	53,451	-	-

\* During the year ended 31 March 2015, dividend declared by Leighton JV of HK\$53,451,000 was offset against the amount due to a joint venture.

- (b) The amount due to a joint venture included in the Group's current liabilities is unsecured, interest-free and has no fixed terms of repayment.



## 16. CONSTRUCTION, RENOVATION AND OTHER CONTRACTS

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross amount due from customers for contract work*	272,015	102,515	163,502	288,670
Contract costs incurred plus recognised profits less recognised losses to date	3,931,466	5,944,558	1,556,897	2,379,567
Less: Progress billings	(3,659,451)	(5,842,043)	(1,393,395)	(2,090,897)
	<u>272,015</u>	<u>102,515</u>	<u>163,502</u>	<u>288,670</u>

\* All of the above gross amount due from customers for contract work are expected to be recovered within twelve months.

## 17. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract work. The payment terms of contract work receivables are stipulated in the relevant contracts.

At 31 March 2014, 2015 and 2016 and 31 July 2016, retentions receivable included in accounts receivable amounted to HK\$139,743,000, HK\$190,222,000, HK\$136,761,000 and HK\$148,076,000, respectively, which are repayable within terms ranging from two to three years.

At 31 March 2014, 2015 and 2016 and 31 July 2016, amounts due from the Remaining Vantage Group included in accounts receivable amounted to HK\$128,825,000, HK\$94,356,000, HK\$46,880,000 and HK\$20,681,000, respectively, which are repayable in one year.

The Group assigned its financial benefits under certain contract work to secure certain general banking facilities granted to the Group (note 23) and as at 31 March 2014, 2015 and 2016 and 31 July 2016, the aggregate amount of accounts receivable related to such contract work pledged to secure the relevant banking facilities amounted to HK\$9,542,000, HK\$163,548,000, HK\$74,168,000 and HK\$73,725,000, respectively.

The aged analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	As at 31 March			As at 31 July
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Past due but not impaired:				
One to three months past due	22,360	–	36,047	57,627
Four to six months past due	1,516	4,058	–	1,544
Seven to twelve months past due	4,322	26,132	–	110
Over one year past due	3,791	8,260	30,190	4,058
	<u>31,989</u>	<u>38,450</u>	<u>66,237</u>	<u>63,339</u>
Neither past due nor impaired	<u>231,643</u>	<u>371,865</u>	<u>231,577</u>	<u>257,361</u>
	<u>263,632</u>	<u>410,315</u>	<u>297,814</u>	<u>320,700</u>

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral or other credit enhancements over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default.

#### 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March			As at
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Prepayments	25,686	23,308	8,668	18,374
Deposits and other receivables	5,823	4,179	4,071	6,017
	<u>31,509</u>	<u>27,487</u>	<u>12,739</u>	<u>24,391</u>

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

#### 19. CASH AND CASH EQUIVALENTS

	As at 31 March			As at
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Cash and bank balances	231,407	412,457	1,084,818	482,453
	<u>231,407</u>	<u>412,457</u>	<u>1,084,818</u>	<u>482,453</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with banks with high credit ratings and no recent history of default.

#### 20. BALANCES WITH THE REMAINING VANTAGE GROUP

As at 31 March 2014, 2015 and 2016 and 31 July 2016, the amounts were unsecured, interest-free and have no fixed terms of repayment, except for loans to the Remaining Vantage Group of HK\$558,382,000, HK\$589,222,000 as at 31 March 2014 and 2015, respectively, and loans from the Remaining Vantage Group of HK\$22,509,000 as at 31 March 2016, which borne interest at a rate with reference to HIBOR. The carrying amounts of these balances approximate to their fair values.

**21. ACCOUNTS AND BILLS PAYABLE**

An aged analysis of the accounts and bills payable as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 March			As at
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Current – 3 months	295,516	288,044	254,104	288,864
4 – 6 months	14,696	18,998	12,448	30,662
Over 6 months	122,575	122,530	150,284	149,783
	<u>432,787</u>	<u>429,572</u>	<u>416,836</u>	<u>469,309</u>

At 31 March 2014, 2015 and 2016 and 31 July 2016, retentions payable included in accounts and bills payable amounted to HK\$122,011,000, HK\$129,859,000, HK\$159,659,000 and HK\$168,407,000, respectively, which were normally settled within terms ranging from two to three years.

At 31 March 2014 and 2015, amounts due to joint ventures of the Remaining Vantage Group included in accounts and bills payable amounted to HK\$12,431,000 and HK\$11,103,000, respectively, which is non-interest-bearing and is normally settled within one year.

Accounts and bills payable are non-interest-bearing. The payment terms are stipulated in the relevant contracts.

**22. OTHER PAYABLES AND ACCRUALS**

	As at 31 March			As at
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Other payables	11,318	11,607	15,104	16,781
Accruals	868	826	1,491	752
	<u>12,186</u>	<u>12,433</u>	<u>16,595</u>	<u>17,533</u>

Other payables are non-interest-bearing and are expected to be settled within one year.

**23. INTEREST-BEARING BANK LOANS**

Interest-bearing bank loans of the Group are all repayable on demand or within one year and are analysed as follows:

	As at 31 March			As at
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Bank loans – secured and at floating interest rates	138,135	194,976	2,549	1,009

The interest rates of the Group's bank loans are primarily repriced every month based on HIBOR changes.

The Group's bank loans are secured by:

- (i) legal charges over the Remaining Vantage Group's investment properties, which had an aggregate carrying amount of HK\$867,000,000, HK\$912,000,000, HK\$1,001,000,000 and HK\$1,847,030,000, respectively, as at 31 March 2014, 2015 and 2016 and 31 July 2016;
- (ii) legal charges over the Remaining Vantage Group's land and buildings, which had an aggregate carrying amount of HK\$139,616,000, HK\$135,606,000, HK\$131,596,000 and HK\$133,398,000, respectively, as at 31 March 2014, 2015 and 2016 and 31 July 2016;
- (iii) legal charges over the Remaining Vantage Group's property held for development, which had an carrying amount of HK\$217,284,000 as at 31 March 2015;
- (iv) legal charges over the Remaining Vantage Group's property under development, which had an carrying amount of HK\$220,125,000 and HK\$222,048,000, respectively, as at 31 March 2016 and 31 July 2016;
- (v) the assignment of the Group's financial benefits under certain contract work with an aggregate accounts receivable of HK\$9,542,000, HK\$163,548,000, HK\$74,168,000 and HK\$73,725,000, respectively, as at 31 March 2014, 2015 and 2016 and 31 July 2016; and
- (vi) cross corporate guarantees provided by the Remaining Vantage Group of HK\$1,017,872,000, HK\$3,187,255,000, HK\$3,280,000,000 and HK\$3,340,000,000, respectively, as at 31 March 2014, 2015 and 2016 and 31 July 2016.

The Group's bank loans are all denominated in Hong Kong dollars.

#### 24. DEFERRED TAX

The components of deferred tax liabilities and assets during the Track Record Period are as follows:

##### Deferred tax liabilities

	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>
At 1 April 2013	104
Deferred tax charged to profit or loss during the year ( <i>note 11</i> )	9
At 31 March 2014 and 1 April 2014	113
Deferred tax charged to profit or loss during the year ( <i>note 11</i> )	140
At 31 March 2015 and 1 April 2015	253
Deferred tax charged to profit or loss during the year ( <i>note 11</i> )	605
At 31 March 2016 and 1 April 2016	858
Deferred tax charged to profit or loss during the period ( <i>note 11</i> )	26
At 31 July 2016	884

## Deferred tax assets

	Depreciation in excess of related depreciation allowance <i>HK\$'000</i>	Losses available for offsetting against future taxable profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2013	394	–	394
Deferred tax credited to profit or loss during the year ( <i>note 11</i> )	96	–	96
At 31 March 2014 and 1 April 2014	490	–	490
Deferred tax credited to profit or loss during the year ( <i>note 11</i> )	54	6	60
At 31 March 2015 and 1 April 2015	544	6	550
Deferred tax credited to profit or loss during the year ( <i>note 11</i> )	52	329	381
At 31 March 2016 and 1 April 2016	596	335	931
Deferred tax charged to profit or loss during the period ( <i>note 11</i> )	–	(335)	(335)
At 31 July 2016	596	–	596

The Group has tax losses arising in Hong Kong of HK\$46,000, HK\$139,000, HK\$2,124,000 and HK\$463,000 as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively. Subject to the final assessment of the Hong Kong Inland Revenue Department, these tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have been recognised in respect of HK\$36,000 and HK\$2,030,000 as at 31 March 2015 and 31 March 2016, respectively, of such losses. Deferred tax assets have not been recognised in respect of the remaining amount of HK\$46,000, HK\$103,000, HK\$94,000 and HK\$463,000 as at 31 March 2014, 2015 and 2016 and 31 July 2016, respectively, as it is not considered probable that there would be sufficient future taxable profits to utilise such amount.

At 31 March 2014, 2015 and 2016 and 31 July 2016, there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint venture as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 25. SHARE CAPITAL

The Company was incorporated on 11 July 2016 with initial authorised share capital of HK\$10,000 divided into 1,000,000 shares of a par value of HK\$0.01 each. On the date of incorporation, 1 ordinary share of HK\$0.01 were allotted and issued by the Company.

Changes in share capital of the Company pursuant to the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

## 26. RESERVES

## (a) Group

The amounts of the Group's reserves and the movements therein for each of the Track Record Period are presented in the combined statements of changes in equity.

## (b) Merger reserve

Merger reserve represents the reserve that arose pursuant to the Reorganisation as detailed in note 2.1 above.

## 27. CONTINGENT LIABILITIES

(a) At 31 March 2014, 2015 and 2016 and 31 July 2016, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK\$10,000,000, HK\$225,626,000, HK\$292,799,000 and HK\$290,879,000, respectively.

(b) At 31 March 2014, 2015 and 2016 and 31 July 2016, the Group has given cross guarantee in favour of certain banks to the extent of HK\$573,850,000, HK\$786,500,000, HK\$771,500,000 and HK\$1,385,500,000, respectively in respect of banking facilities granted by those banks to Remaining Vantage Group, of which HK\$230,329,000, HK\$384,472,000, HK\$462,502,000 and HK\$1,230,839,000 were utilised.

(c) In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

## 28. OPERATING LEASE ARRANGEMENT

## As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

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

	As at 31 March			As at
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Within one year	2,908	2,908	3,707	6,032
In the second to fifth years, inclusive	3,392	485	3,618	7,324
	<u>6,300</u>	<u>3,393</u>	<u>7,325</u>	<u>13,356</u>

## 29. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Track Record Period and the four months ended 31 July 2015:

	Notes	Year ended 31 March			Four months ended 31 July	
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Rental payment to the Remaining Vantage Group	(i)	4,324	4,720	4,720	1,573	925
Management fee paid to the Remaining Vantage Group	(i)	28,065	25,415	34,658	24,406	23,399
Subcontracting fee expenses paid and payable to joint ventures of the Remaining Vantage Group	(i)	105,827	135,155	88,089	22,044	31,692
Subcontracting fee income from the Remaining Vantage Group	(i)	817,389	183,491	120,506	9,744	48,436
Interest income from the Remaining Vantage Group	(ii)	960	1,353	365	350	163
Interest expense to the Remaining Vantage Group	(iii)	168	91	-	-	-

*Notes:*

- (i) These transactions were conducted at terms and conditions mutually agreed between the relevant parties.
- (ii) The interest income was determined at an interest rate with reference to HIBOR.
- (iii) The interest expense was determined at an interest rate with reference to HIBOR.

The Directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

- (b) Cross guarantees provided by/to the Remaining Vantage Group

The Remaining Vantage Group and the Group received no consideration for providing these guarantees. Further details on cross guarantees provided by/to the Remaining Vantage Group are set out in notes 23 and 27 to the Financial Information respectively. The Group did not recognise any liabilities in respect of such financial guarantees as the directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of each reporting period are insignificant.

## (c) Compensation of key management personnel of the Group

	Year ended 31 March			Four months ended 31 July	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 <i>(unaudited)</i>	2016 HK\$'000
Short term employee benefits	4,149	4,946	8,319	1,988	2,122
Post-employment benefits	75	88	90	30	35
Total compensation paid to key management personnel	<u>4,224</u>	<u>5,034</u>	<u>8,409</u>	<u>2,018</u>	<u>2,157</u>

The above compensation of key management personnel excludes the directors' remuneration, details of which are set out in note 9 to the Financial Information.

(d) Pursuant to the deed of indemnity dated 18 January 2017 entered into between Vantage and the Group, Vantage has agreed, subject to the terms and conditions of the deed of indemnity, to indemnify the Group in respect of, among other matters, all losses and liabilities arising from any litigations against the Group.

**30. FINANCIAL INSTRUMENTS BY CATEGORY**

All financial assets and liabilities of the Group as at the end of each of the Track Record Period are loans and receivables, and financial liabilities at amortised cost, respectively.

**31. FAIR VALUE MEASUREMENT**

Management has assessed that the fair values of cash and cash equivalents, accounts receivables, accounts and bills payable, deposits and other receivables, other payables and accruals, amount due to a joint venture, balances with the Remaining Vantage Group and interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments include interest-bearing bank loans, deposits, accounts and other receivables, accounts and other payables and bank balances. Details of these financial instruments are disclosed in the respective notes to the financial information.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

**Interest rate risk**

The Group's exposure to changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

At 31 March 2014, 2015 and 2016 and 31 July 2016, it is estimated that an increase/decrease of 25 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by HK\$288,000, HK\$407,000, HK\$5,000 and HK\$2,000, respectively, arising as a result of higher/lower interest expense on the Group's floating-rate borrowings. There would be no impact on other components of the Group's equity.



The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of Track Record Period. For the purposes of the analysis, it is assumed that the amounts of variable-rate borrowings outstanding at the end of Track Record Period were outstanding throughout the whole year. The 25 basis point increase or decrease represents management assessment of a reasonably possible change in interest rates over the period until the reporting date of the next financial year. The analysis was performed on the same basis for the end of each Track Record Period.

#### Credit risk

The Group's credit risk is primarily attributable to bank balances and time-deposits, accounts receivables and other receivables. The Group's maximum credit risk exposure at the end of each Track Record Period in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in the combined statement of financial position.

Management monitors the creditworthiness and payment patterns of each debtor closely and on an ongoing basis. The Group's accounts receivable from contract work represent interim payments or retentions certified by the customers under terms as stipulated in the contracts and the Group does not hold any collateral over these receivables. As the Group's customers in respect of contract work primarily consist of government departments and developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract work is not significant.

The following table demonstrates the concentrations of credit risk of the total accounts receivable which were due from the Group's largest external customer and the Group's five largest external customers, respectively.

	As at 31 March			As at
	2014	2015	2016	31 July
	%	%	%	2016
				%
Percentage of total accounts receivables due from:				
Group's largest external customer	4	3	25	34
Group's five largest external customers	69	66	67	58

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivables and other receivables are disclosed in corresponding notes to the Financial Information.

#### Liquidity risk

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

The following table details the remaining contractual maturities at the end of the Track Record Period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of the reporting period) and the earliest date that the Group could be required to repay:

	Within 1 year or on demand HK\$'000	In the second year HK\$'000	In the third to fifth years HK\$'000	Total HK\$'000
<b>As at 31 March 2014</b>				
Interest-bearing bank loans	139,308	–	–	139,308
Accounts and bills payable	426,956	4,507	1,324	432,787
Accruals of costs for contract work	53,175	–	–	53,175
Other payables and accruals (note 22)	12,186	–	–	12,186
Due to a joint venture	65,401	–	–	65,401
Due to the Remaining Vantage Group (note 20)	33,727	–	–	33,727
	<u>730,753</u>	<u>4,507</u>	<u>1,324</u>	<u>736,584</u>
<b>As at 31 March 2015</b>				
Interest-bearing bank loans	199,081	–	–	199,081
Accounts and bills payable	427,045	551	1,976	429,572
Accruals of costs for contract work	108,122	–	–	108,122
Other payables and accruals (note 22)	12,433	–	–	12,433
Due to a joint venture	26,074	–	–	26,074
Due to the Remaining Vantage Group (note 20)	41,526	–	–	41,526
	<u>814,281</u>	<u>551</u>	<u>1,976</u>	<u>816,808</u>
<b>As at 31 March 2016</b>				
Interest-bearing bank loans	2,600	–	–	2,600
Accounts and bills payable	365,770	38,313	12,753	416,836
Accruals of costs for contract work	74,585	–	–	74,585
Other payables and accruals (note 22)	16,595	–	–	16,595
Due to a joint venture	33,604	–	–	33,604
Loans from the Remaining Vantage Group (note 20)	22,561	–	–	22,561
Due to the Remaining Vantage Group (note 20)	37,347	–	–	37,347
	<u>553,062</u>	<u>38,313</u>	<u>12,753</u>	<u>604,128</u>
<b>As at 31 July 2016</b>				
Interest-bearing bank loans	1,029	–	–	1,029
Accounts and bills payable	405,520	40,938	22,851	469,309
Accruals of costs for contract work	6,490	–	–	6,490
Other payables and accruals (note 22)	17,533	–	–	17,533
Due to a joint venture	7,313	–	–	7,313
Due to the Remaining Vantage Group (note 20)	23,424	–	–	23,424
	<u>461,309</u>	<u>40,938</u>	<u>22,851</u>	<u>525,098</u>

**Capital management**

The primary objective of the Group's capital management policy is to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors of the Company review the capital structure on a periodical basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital and will balance the Group's overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a debt-to-adjusted capital ratio, which is net debt divided by adjusted capital. Net cash and bank balances include interest-bearing bank loans less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital and reserves) and the net amount due to the Remaining Vantage Group. The Group's policy is to maintain a stable debt-to-adjusted capital ratio. The debt-to-adjusted capital ratios as at the end of the Track Record Period were as follows:

	As at 31 March			As at
	2014	2015	2016	31 July
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Interest-bearing bank loans	138,135	194,976	2,549	1,009
Less: Cash and cash equivalents	(231,407)	(412,457)	(1,084,818)	(482,453)
Net cash and bank balances	<u>(93,272)</u>	<u>(217,481)</u>	<u>(1,082,269)</u>	<u>(481,444)</u>
Total equity	691,576	760,261	962,151	593,014
Add: Due to the Remaining Vantage Group	33,727	41,526	37,347	23,424
Add: Loans from the Remaining Vantage Group	–	–	22,509	–
Less: Due from the Remaining Vantage Group	(1,292)	(3,215)	(917)	(203)
Less: Loans to the Remaining Vantage Group	(558,382)	(589,222)	–	–
Adjusted Capital	<u>165,629</u>	<u>209,350</u>	<u>1,021,090</u>	<u>616,235</u>
Debt-to-adjusted-capital (%)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**III. EVENT AFTER THE REPORTING PERIOD**

On 12 January 2017, the companies now comprising the Group completed the Reorganisation in preparation for the listing of the Company's shares on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

**IV. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 July 2016.

Yours faithfully,  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

<b>APPENDIX II</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION</b>
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The information sets out in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose 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 forth in Appendix I to this prospectus.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS**

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the combined net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 31 July 2016. This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Share Offer been completed as at 31 July 2016 or any future dates:

	Combined net tangible assets attributable to owners of the Company as at 31 July 2016 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Share Offer <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited Pro forma adjusted combined net tangible assets <i>HK\$'000</i>	Unaudited Pro forma adjusted combined net tangible assets per Share <i>HK\$</i> <i>(Note 3 and 4)</i>
Based on an Offer Price of HK\$0.9 per Share	593,014	420,977	1,013,991	0.507
Based on an Offer Price of HK\$1.1 per Share	593,014	518,477	1,111,491	0.556

*Notes:*

1. The combined net tangible assets attributable to owners of the Company as at 31 July 2016 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$0.9 and HK\$1.1 per Share, after deduction of the underwriting fees and other related expenses payable by the Company.
3. The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 2,000,000,000 Shares expected to be in issue immediately following the completion of the Share Offer without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.
4. The unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company does not take into account special dividends of HK\$200,000,000 declared in October 2016 by certain members of the Group which were paid in November 2016. Had the special dividend been taken into account, the unaudited pro forma adjusted combined net tangible assets per share would be HK\$0.407 (assuming an Offer Price of HK\$0.9 per Share) and HK\$0.456 (assuming an Offer Price of HK\$1.1 per Share), respectively.
5. No adjustment has been made to reflect any trading results or other transactions of the Group, entered into subsequent to 31 July 2016.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus, in respect of the Group's pro forma financial information*



22nd Floor,  
CITIC Tower,  
1 Tim Mei Avenue,  
Central, Hong Kong

26 January 2017

**To the Directors of Able Engineering Holdings Limited**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Able Engineering 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 pro forma financial information consists of the pro forma combined net tangible assets as at 31 July 2016 and related notes as set out in Appendix II to the prospectus of the Company dated 26 January 2017 (the “**Prospectus**”) issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in note 2 to note 5.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the public offer and placing of shares of the Company on the Group's financial position as at 31 July 2016 as if the transaction had taken place at 31 July 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the four months ended 31 July 2016, on which an accountants' report has been published.

**Directors' responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the 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 (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our independence and quality control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 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 plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 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 Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of public offer and placing of shares of the Company on unadjusted financial information of the Group as if 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 transaction would have been as presented.



A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The 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 transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 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 purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

<b>APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW</b>
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Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Islands company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 July 2016 under the Cayman Companies Law. Our Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and its Amended and Restated Articles of Association (the "**Articles**").

## **1. MEMORANDUM OF ASSOCIATION**

- (a) The Memorandum provides, *inter alia*, that the liability of members of our Company is limited and that the objects for which our Company is established are unrestricted (and therefore include acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since our Company is an exempted company, that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- (b) By special resolution our Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

## **2. ARTICLES OF ASSOCIATION**

The Articles were adopted on 18 January 2017 with effect from the Listing Date. A summary of certain provisions of the Articles is set out below.

### **(a) Shares**

#### *(i) Classes of shares*

The share capital of our Company consists of ordinary shares.

#### *(ii) Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified 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 general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general

meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

*(iii) Alteration of capital*

Our Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date 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; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

*(iv) Transfer of shares*

Subject to the Cayman Companies Law and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of our Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which our Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to our Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

*(v) Power of our Company to purchase its own shares*

Our Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the SFC.

Where our Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

*(vi) Power of any subsidiary of our Company to own shares in our Company*

There are no provisions in the Articles relating to the ownership of shares in our Company by a subsidiary.

*(vii) Calls on shares and forfeiture of shares*

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him

to our Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

**(b) Directors**

*(i) Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of our Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of our Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in our Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of our Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and our Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

*(ii) Power to allot and issue shares and warrants*

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of our Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of our Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and our Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.



*(iii) Power to dispose of the assets of our Company or any of its subsidiaries*

While there are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by our Company in general meeting, but if such power or act is regulated by our Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

*(iv) Borrowing powers*

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

*(v) Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or our 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 among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

Any Director who, at the request of our Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of our Company or companies with which our Company is associated in business, or may make contributions out of our Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and former employees of our Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(vi) Compensation or payments for loss of office*

Payments to any present 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 or statutorily entitled) must be approved by our Company in general meeting.

*(vii) Loans and provision of security for loans to Directors*

Our Company shall not directly or indirectly make a loan to a Director or a director of any holding company of our Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of our Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

*(viii) Disclosure of interest in contracts with our Company or any of its subsidiaries*

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office

or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with our Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to our Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) 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 our Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (cc) any proposal concerning an offer of shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of our Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of our Company by virtue only of his/their interest in those shares, debentures or other securities.

*(ix) Proceedings of the Board*

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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.

**(c) Alterations to the constitutional documents and our Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of our Company may only be altered or amended, and the name of our Company may only be changed, with the sanction of a special resolution of our Company.

**(d) Meetings of member**

*(i) Special and ordinary resolutions*

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are 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.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, is a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held, and where relevant as a special resolution so passed.

*(ii) Voting rights and right to demand a poll*

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of our Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is 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. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in our Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of our Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our 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 in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where our Company has knowledge that 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.

*(iii) Annual general meetings*

Our Company must hold an annual general meeting each year other than the year of our Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

*(iv) Notices of meetings and business to be conducted*

An annual general meeting of our Company shall be called by at least 21 days' notice in writing, and any other general meeting of our Company shall be called by at least 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 must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify our Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by our Company to any member by electronic means.

Although a meeting of our Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) 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 holding not less than 95% of the total voting rights in our Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

*(v) 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, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

*(vi) Proxies*

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

**(e) Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by our Company, and of the assets and liabilities of our Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by our Company) necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.



The books of accounts of our Company shall be kept at the head office of our Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of our Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or our Company in general meeting.

The Board shall from time to time cause to be prepared and laid before our Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), our Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

Our Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by our Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of our Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

**(f) Dividends and other methods of distribution**

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

Where the Board or our Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members 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 Board may think fit.

Upon the recommendation of the Board, our Company may by ordinary resolution in respect of any one particular dividend of our Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. 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.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

Our Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

**(g) Inspection of corporate records**

For so long as any part of the share capital of our Company is listed on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if our Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

**(h) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of our Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(i)    Procedures on liquidation**

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if our Company is wound up and the assets available for distribution among the members of our Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if our Company is wound up and the assets available for distribution among the members as such are 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 in proportion to the capital paid up on the shares held by them, respectively.

If our Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of our Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

**(j)    Subscription rights reserve**

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

### **3. CAYMAN ISLANDS COMPANY LAW**

Our Company was incorporated in the Cayman Islands as an exempted company on 11 July 2016 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

#### **(a) Company operations**

An exempted company such as our Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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 amount of its authorised share capital.

#### **(b) Share capital**

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the 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, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

**(c) Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

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 member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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 issued shares of the company other than shares held as treasury shares. In addition, 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.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of our Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

**(g) Disposal of assets**

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

**(h) Accounting and auditing requirements**

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to our Company or its operations; and



- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by our Company:
  - (aa) on or in respect of the shares, debentures or other obligations of our Company; or
  - (bb) by way of 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 for our Company is for a period of 20 years from 9 August 2016.

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 our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

**(m) Inspection of corporate records**

The members of a company have no general right 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.

**(n) Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

**(o) Register of Directors and officers**

Pursuant to the Cayman Companies Law, our Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

**(p) Winding up**

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

**(q) Reconstructions**

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are 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 member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

**(r) 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 that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the 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 members.

**(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

**4. GENERAL**

Appleby, our Company's legal adviser on Cayman Islands law, has sent to our Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Documents Available for Inspection" in Appendix V. 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 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 Cayman Companies Law as an exempted company with limited liability on 11 July 2016. Our Company's registered office is at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 12 September 2016 and the principal place of business in Hong Kong is at No. 155, Waterloo Road, Kowloon Tong, Kowloon, Hong Kong. Mr. Ip Yik Nam and Mr. Lee Chi Fai have been appointed as the authorised representative of our Company on 12 September 2016 for acceptance on behalf of our Company of service of process and notices required to be served on our Company in Hong Kong under section 776 of the Companies Ordinance.

As our Company was incorporated in the Cayman Islands, we are subject to the relevant laws of the Cayman Islands and the constitution which comprises the Memorandum of Association and the Articles of Association. A summary of the relevant aspects of the Cayman Companies Law and certain provisions of the Articles of Association is set out in Appendix III to this prospectus.

**2. Changes in share capital of our Company**

- (a) As at the date of incorporation of our Company, the authorised share capital of our Company was HK\$10,000 divided into 1,000,000 shares of par value HK\$0.01 each. One Share was allotted and issued to the subscriber and then transferred immediately to Profit Chain on 11 July 2016, credited as fully paid at par.
- (b) Pursuant to the Reorganisation, Profit Chain, our Company and Vital Tool entered into a tripartite agreement dated 12 January 2017 whereby Profit Chain agreed to subscribe for, and our Company agreed to issue and allot 999 Shares to settle in full the total principal amount of HK\$55,951,401 due and owing by Vital Tool to Profit Chain pursuant to a promissory note.
- (c) On 18 January 2017, our sole Shareholder resolved to increase the authorised share capital of our Company from HK\$10,000 to HK\$100,000,000 by the creation of an additional of 9,999,000,000 Shares, each ranking *pari passu* with our Shares then in issue in all respects.
- (d) Immediately following completion of the Capitalisation Issue and the Share Offer, and assuming that the Over-allotment Option is not exercised, 2,000,000,000 Shares will be issued fully paid or credited as fully paid, and 8,000,000,000 Shares will remain unissued.

- (e) Other than pursuant to the general mandate to issue Shares referred to the section headed “A. Further Information about Our Company — 3. Written resolutions of our sole Shareholder passed on 18 January 2017” in this appendix, we do not have any 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 issue of Shares will be made which would effectively alter the control of our Company.
- (f) 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 18 January 2017

By written resolutions of our sole Shareholder passed on 18 January 2017, the following resolutions were passed by our sole Shareholder, pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum of Association and the Articles of Association to take effect on the Listing Date;
- (b) the authorised share capital of our Company was increased from HK\$10,000 to HK\$100,000,000 by the creation of an additional of 9,999,000,000 Shares, each ranking *pari passu* with our Shares then in issue in all respects;
- (c) conditional on the Stock Exchange 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 fall to be allotted and issued upon the exercise of the Over-allotment Option, and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
  - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer to rank *pari passu* with the then existing Shares in all respects;
  - (ii) the Over-allotment Option was approved and our Directors were authorised to allot and issue Shares as may be required to be allotted and issued upon the exercise of Over-allotment Option to rank *pari passu* with the then existing Shares in all respects; and

- (iii) the Capitalisation Issue was approved and conditional further on the share premium account of our Company being credited with the proceeds obtained from the Share Offer, our Directors were authorised to capitalise an amount of HK\$14,999,990 standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full at par 1,499,999,000 Shares for allotment and issue to our sole Shareholder whose name appears on the register of members of our Company at the close of business on 16 February 2017, each ranking *pari passu* in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation;
  
- (d) subject to the Share Offer becoming unconditional, a general mandate (the “**Issuing Mandate**”) was given to our Directors to allot, issue and deal with, otherwise than pursuant to (i) a rights issue; (ii) scrip dividend scheme or similar arrangements in accordance with the Articles of Association; and (iii) a specific authority granted by our Shareholders in general meeting 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 Capitalisation Issue and the Share Offer but excluding any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, and such mandate to remain in effect until the earliest of:
  - (i) the conclusion of the next annual general meeting of our Company; or
  - (ii) the expiration of the period within which our Company is required by the Articles of Association or any applicable laws of the Cayman Islands to hold its next annual general meeting; or
  - (iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

- (e) subject to the Share Offer becoming unconditional, a general mandate (the “**Repurchase 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 Capitalisation Issue and the Share Offer but excluding any Share which may be allotted and issued upon the exercise of the Over-allotment Option, and such mandate to remain in effect until the earliest of:
  - (i) the conclusion of the next annual general meeting of our Company; or
  - (ii) the expiration of the period within which our Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be hold its next annual general meeting; or
  - (iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting; and
- (f) the Issuing Mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted 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 (e) 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 Capitalisation Issue and the Share Offer but excluding any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

#### 4. Corporate Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. For information relating to the Reorganisation, please refer to the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus.



## 5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus, there have been no alternations in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

## 6. Repurchase of Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of Shares by our Company.

### (a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

#### (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 18 January 2017, subject to the Share Offer becoming unconditional, a general 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 and the Stock Exchange for this purpose, Shares representing up to 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, and the Repurchase Mandate shall remain in effect until 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 applicable laws of the Cayman Islands or the Articles of Association to be held, or when the Repurchase Mandate is revoked, varied or renewed by an ordinary resolution of our Shareholders in general meeting.

(ii) Sources of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the 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 of Association and subject to the Cayman 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 of Association and subject to the Cayman Companies Law, out of capital.

(iii) 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 listed 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 repurchase will benefit our Company and our Shareholders.

(c) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of 2,000,000,000 Shares in issue after completion of the Capitalisation Issue and Share Offer, could accordingly result in up to 200,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) *Funding of repurchase*

In repurchasing Shares, our Company may only apply funds legally available for such purposes in accordance with the Articles of Association, 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.

(e) *General*

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their 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 Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of our 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 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.

**B. FURTHER INFORMATION ABOUT THE BUSINESS****1. Summary of material contracts**




- (a) a share purchase agreement dated 12 January 2017 entered into among Profit Chain, Vantage and our Company pursuant to which Profit Chain agreed to sell one ordinary share in Vital Tool to our Company at a total cash consideration of HK\$7.8;
- (b) a share purchase agreement dated 12 January 2017 entered into among Profit Chain, Vantage and Vital Tool pursuant to which Profit Chain agreed to sell 10,000 ordinary shares in Able Contractors to Vital Tool at a total consideration of HK\$10,000 to be settled by the issue of a promissory note by Vital Tool to Profit Chain;
- (c) a share purchase agreement dated 12 January 2017 entered into among Profit Chain, Vantage and Vital Tool pursuant to which Profit Chain agreed to sell one ordinary share in Able Contracting to Vital Tool at a total consideration of HK\$1.00 to be settled by the issue of a promissory note by Vital Tool to Profit Chain;
- (d) a share purchase agreement dated 12 January 2017 entered into among Profit Chain, Vantage and Vital Tool pursuant to which Profit Chain agreed to sell 10,000 ordinary shares in Able Maintenance to Vital Tool at a total consideration of HK\$10,000 to be settled by the issue of a promissory note by Vital Tool to Profit Chain;
- (e) a share purchase agreement dated 12 January 2017 entered into among Profit Chain, Vantage and Vital Tool pursuant to which Profit Chain agreed to sell one ordinary share in Able Building to Vital Tool at a total consideration of HK\$1.00 to be settled by the issue of a promissory note by Vital Tool to Profit Chain;
- (f) a share purchase agreement dated 12 January 2017 entered into among Profit Chain, Winhale Ltd., Mr. Yau, Dr. Castledine Douglas Alan, Vantage and Vital Tool pursuant to which (i) Profit Chain agreed to sell 758,900 ordinary shares in Able Engineering; and (ii) Winhale Ltd., Mr. Yau and Dr. Castledine Douglas Alan agreed to sell 1,054,500, 55,500 and 11,100 non-voting deferred shares in Able Engineering respectively to Vital Tool, at a total consideration of HK\$55,931,401, of which HK\$55,931,398 to be settled by Vital Tool by the issue of a promissory note by Vital Tool to Profit Chain; and (ii) HK\$3.00 to be settled by Vital Tool by way of cash payment of HK\$1.00 to each of Winhale Ltd., Mr. Yau and Dr. Castledine Douglas Alan;
- (g) a share purchase agreement dated 12 January 2017 entered into among Profit Chain, Vantage and Vital Tool pursuant to which Profit Chain agreed to sell one ordinary share in Able Tool to Vital Tool at a total consideration of HK\$1.00 to be settled by the issue of a promissory note by Vital Tool to Profit Chain;

- (h) a tripartite agreement dated 12 January 2017 entered into among Profit Chain, our Company and Vital Tool pursuant to which Profit Chain agreed to subscribe for, and our Company agreed to issue and allot 999 new Shares to settle in full the total principal amount of HK\$55,951,401 due and owing by Vital Tool to Profit Chain pursuant to the promissory note set out in (b) to (g) of this paragraph;
- (i) an administrative services agreement dated 18 January 2017 entered into between Vantage Management Service Limited (for and on behalf of itself and the Remaining Vantage Group) and Able Engineering, the particulars of which are set out in the section headed “Connected Transactions — Fully Exempt Continuing Connected Transactions — Administrative services agreement” in this prospectus;
- (j) the Deed of Non-competition;
- (k) the Deed of Indemnity; and
- (l) the Public Offer Underwriting Agreement.

## 2. Intellectual property rights

### (a) Trademark

As at the Latest Practicable Date, our Group had registered the following trademarks in Hong Kong:

Trademark	Trademark No.	Registered owner	Class	Date of registration	Actual date of registration	Expiry date
	2001B10997	Able Engineering	37	14 August 2000	21 September 2001	14 August 2017
	303809575	Able Engineering	37	16 June 2016	2 December 2016	15 June 2026
						

### (b) Domain name

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain name:

Registrant	Domain Name	Commencement Date	Expiry Date
Able Engineering	ableeng.com.hk	28 January 2000	1 October 2017

Save as aforesaid, there are no other patents, trademarks or other intellectual or industrial property rights which are material in relation to our Group’s business.

**C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS**

**1. Disclosure of interests**

- (a) Immediately following the completion of the Capitalisation Issue and the Share Offer but without taking into account of any Shares to be allotted and issued upon the exercise of the Over-allotment 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 or any of the 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) 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 Companies in 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) *Interest in our Company*

Name of Director	Nature of interest	Number of Shares held	Percentage of shareholding
Mr. Ngai	Interest in a controlled corporation (Note)	1,500,000,000	75%

*Note:* Mr. Ngai is deemed to be interested in 1,080,011,200 Vantage Shares (representing approximately 61.31% of the issued share capital of Vantage), which comprise (i) 6,250,800 Vantage Shares held by himself; (ii) 838,760,400 Vantage Shares held by Winhale Ltd. by virtue of him being the settlor of The Xyston Trust; and (iii) 235,000,000 Vantage Shares held by Fame Yield International Limited by virtue of his beneficial interest in the entire issued share capital of Fame Yield International Limited. Accordingly, Mr. Ngai is deemed to be interested in 1,500,000,000 Shares held by Profit Chain under the SFO by virtue of his deemed interest in approximately 61.31% of Vantage Shares.

(ii) *Interest in associated corporations*

Name of Director	Name of associated corporation	Nature of interest	Number of Vantage Shares held	Approximate percentage of shareholding
Mr. Ngai	Vantage	Beneficial owner, founder of a discretionary trust and interest in a controlled corporation ( <i>Note 1</i> )	1,080,011,200	61.31%
Mr. Yau	Vantage	Beneficial owner and interest in a controlled corporation ( <i>Note 2</i> )	39,336,000	2.25%

*Notes:*

1. Mr. Ngai is deemed to be interested in 1,080,011,200 Vantage Shares (representing approximately 61.31% of the issued share capital of Vantage), which comprise (i) 6,250,800 Vantage Shares held by himself; (ii) 838,760,400 Vantage Shares held by Winhale Ltd. by virtue of him being the settlor of The Xyston Trust and (iii) 235,000,000 Vantage Shares held by Fame Yield International Limited by virtue of his beneficial interest in the entire issued share capital of Fame Yield International Limited.
2. Mr. Yau is deemed to be interested in 39,336,000 Vantage Shares (representing approximately 2.25% of the issued share capital of Vantage), which comprise (i) 8,448,000 Vantage Shares held by himself; and (ii) 30,888,000 Vantage Shares held by Business Success Limited by virtue of him being the legal and beneficial owner of the entire issued share capital of Business Success Limited.

- (b) So far as is known to our Directors and save as disclosed in this prospectus and without taking into account of any Shares which may be taken up under the Share Offer, and Shares to be allotted and issued upon the exercise of the Over-allotment Option, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Capitalisation Issue and the Share Offer, 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 Group:

Name	Nature of interest	Numbers of Shares held	Percentage of shareholding
Profit Chain (Note 1)	Beneficial owner	1,500,000,000	75%
Vantage (Note 1)	Interest in a controlled corporation	1,500,000,000	75%
Winhale Ltd. (Note 2)	Interest in a controlled corporation	1,500,000,000	75%
Braveway Limited (Note 3)	Interest in a controlled corporation	1,500,000,000	75%
HSBC International Trustee Limited (Note 3)	Interest in a controlled corporation	1,500,000,000	75%
Ms. Cheng Wai Chun (Note 4)	Interest in a controlled corporation and interest of spouse	1,500,000,000	75%

*Notes:*

- Profit Chain is a direct wholly-owned subsidiary of Vantage. As such, Vantage is deemed to be interested in the 1,500,000,000 Shares owned by Profit Chain under the SFO.
- Winhale Ltd. is deemed to be interested in 1,500,000,000 Shares held by Profit Chain under the SFO by virtue of its deemed interest in approximately 47.63% of the entire issued share capital of Vantage.
- Braveway Limited and HSBC International Trustee Limited are deemed to be interested in the Vantage Shares held by Winhale Ltd. by virtue of the fact that Winhale Ltd. is wholly-owned by Braveway Limited as the trustee of The Braveway Unit Trust. Approximately 99.99% of The Braveway Unit Trust is held by HSBC International Trustee Limited as the trustee of The Xyston Trust. The Xyston Trust is a discretionary trust founded by Mr. Ngai for the benefit of his family members. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in 1,500,000,000 Shares held by Profit Chain under the SFO by virtue of their deemed interest in approximately 47.63% of the Vantage Shares.
- Ms. Cheng Wai Chun is the sole shareholder of Braveway Limited and the spouse of Mr. Ngai. Ms. Cheng is deemed to be interested in 1,500,000,000 Shares held by Profit Chain under the SFO.



**2. Particulars of service agreements**

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the Listing Date, which may be terminated in accordance with the provisions of the service agreement or by not less than six months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has been appointed by our Company pursuant to a letter of appointment for a term of two years commencing from the Listing Date. The said appointment is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

**3. Directors' remuneration**

- (a) The aggregate amount of remuneration (including salaries, allowances and benefits in kind, performance-related bonuses and contributions to pension scheme) granted to our Directors in respect of the three years ended 31 March 2016 and the four months ended 31 July 2016 were approximately HK\$4.4 million, HK\$5.4 million, HK\$5.9 million and HK\$1.5 million, respectively.
- (b) Under the arrangements currently in force, the aggregate remuneration and benefits in kind (excluding any discretionary bonus) of our Directors in respect of the year ending 31 March 2017 are estimated to be approximately HK\$6.4 million.
- (c) There has been no arrangement under which a Director has waived or agreed to waive any remuneration for any of the three years ended 31 March 2016 and the four months ended 31 July 2016.
- (d) The remuneration of our Directors was determined by reference to their qualification, experience, duties and responsibilities within our Group and prevailing market rate.

**4. Fees or commission received**

Save as disclosed in the section headed "Underwriting — Commission and Expenses" in this prospectus, none of our Directors or the experts named in the section headed "D. Other Information — 8. 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. Related party transactions**

Details of the related party transactions are set out under Note 29 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 section headed “D. Other Information — 8. 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 section headed “D. Other Information — 8. Consents 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) without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment 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, 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 the 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 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 Companies in the Listing Rules, to be notified to our Company and the Stock Exchange; and

- (f) so far as is known to our Directors, none of our Directors, their respective associates 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. OTHER INFORMATION

##### 1. Declaration of dividend

In July 2016, Able Engineering declared and paid a special dividend of HK\$400 million to its then shareholder, Profit Chain. In October 2016, certain members of our Group declared a special dividend of HK\$200 million to their then shareholder, Profit Chain. Such dividends were paid to Profit Chain in full in November 2016.

##### 2. Tax and other indemnities

Vantage has, under the Deed of Indemnity referred to in section headed "B. Further Information about the Business — 1. Summary of material contracts" in this appendix, provided certain indemnities undertakings, in favour of our Company (for ourselves and as trustee for each of our subsidiaries) in respect of, among other things, (a) any taxation which might be payable by any member of our Group (i) in respect of or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued or received or made (or deemed to be granted, earned, accrued, received or made) on or before the date on which the Share Offer becomes unconditional; or (ii) in respect of or by reference to any event, transaction, act, omission occurring or deemed to occur on or before the date on which the Share Offer becomes unconditional; and (b) all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties, payments, suits, and expenses associated incurred or suffered by our Group or any members of our Group directly or indirectly in connection with any litigation, arbitrations, claims (including counter-claims), complains, demand and/or legal proceedings, whether of criminal, administrative, contractual, tortuous nature or otherwise instituted by or against our Company and/or any member of our Group which was issued and/or accused and/or arising from any act, non-performance, omission or otherwise of any member of our Group on or before the date on which the Share Offer becomes unconditional; and (c) any non-compliance with the applicable laws, rules or regulations by our Company and/or any member of our Group on or before the date on which the Share Offer becomes unconditional. Vantage, will, however, not be liable under the Deed of Indemnity for taxation to the extent that, among others:

- (a) provision has been made for such liabilities in the audited combined accounts of our Company or any member of our Group for an accounting period ended on or before the 31 July 2016; or

- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
- (c) to the extent that such liability is discharged by another person who is not a member of our Group or such loss is recovered under a valid policy of insurance in force and that none of the members of our Group is required to reimburse such person or insurance companies in respect of the discharge of such liability; or
- (d) to the extent of any provisions or reserve made for such liability in the audited accounts of our Group up to 31 July 2016 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce Vantage's liability in respect of such liability shall not be available in respect of any such liability arising thereafter.

### **3. Litigation**

Save as disclosed in the section headed "Business — Litigations, Arbitration and Potential Claims" in this prospectus, as at the Latest Practicable Date, 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, that would have a material adverse effect on our business, results of operations or financial condition.

### **4. Sponsor**

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 Sponsor's fees payable by us in respect of its services as sponsor for the Listing is HK\$4.3 million.

The Sponsor has, on behalf of our Company, made an application to the Stock Exchange for the Listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and the Shares falling to be allotted and issued upon the exercise of the Over-allotment Option. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

### **5. Preliminary expenses**

The preliminary expenses of our Company of approximately HK\$34,000 has been paid.

**6. Promoter**

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of our Company in connection with the Spin-off or the related transactions described in this prospectus.

**7. Qualifications of experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<b>Name</b>	<b>Qualifications</b>
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
Ernst & Young	Certified Public Accountants
Appleby	Legal advisers as to Cayman Islands law
Crowe Horwath (HK) Consulting & Valuation Limited	Industry consultant

**8. Consents of experts**

Each of the experts named in the section headed “D. Other Information — 7. Qualifications of experts” under this section of this appendix 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 the references to its name included herein in the form and context in which it is respectively included.

**9. 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 so far as applicable.

**10. Taxation of holders of Shares***(a) Hong Kong*

The sale, purchase and transfer of Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of our Shares being sold or transferred. Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profit tax. Our Directors have been advised that no material liability for estate duty under the laws of Hong Kong would be likely to fall upon any member of our Group.

*(b) 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 our Shares or exercise of any rights attaching to them.

**11. 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 2016 (being the date to which the latest audited combined financial statements of our Group were made up).

**12. 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 commissions, 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; and
  - (iii) 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) Save as disclosed in this prospectus, 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 section headed “D. Other Information — 8. Consents of experts” in this appendix:
  - (i) is interested legally or beneficially in any securities in our Company or any of our subsidiaries; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.
- (d) The principal register of members of our Company will be maintained in the Cayman Islands by Estera Trust (Cayman) Limited and a 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 branch share registrar 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.
- (e) 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.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.

- (g) None of the equity or debt securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought from any other stock exchange.
- (h) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (i) We have no outstanding convertible debt securities.
- (j) There is no arrangement under which future dividends are waived or agreed to be waived.
- (k) Our Directors have been advised that, under Cayman Islands laws, the use of a Chinese name by our Company in conjunction with the English name does not contravene Cayman Islands laws.

### **13. 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 Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.



**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

1. copies of the **WHITE, YELLOW, GREEN** and **BLUE** application forms;
2. the written consents referred to in the section headed “Statutory and General Information — D. Other Information — 8. Consents of experts” in Appendix IV to this prospectus; and
3. copies of the material contracts referred to in the section headed “Statutory and General Information — B. Further Information about the Business — 1. Summary of material contracts” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Howse Williams Bowers at 27/F, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

1. the Memorandum of Association and the Articles of Association;
2. the audited combined financial statements of our Group for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016;
3. the accountants’ report dated 26 January 2017 of our Group for the years ended 31 March 2014, 2015 and 2016 and the four months ended 31 July 2016 prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
4. the assurance report dated 26 January 2017 on the compilation of the unaudited pro forma financial information of our Group prepared by Ernst & Young, the text of which is set out in Section B of Appendix II to this prospectus;
5. the material contracts referred to in the section headed “Statutory and General Information — B. Further Information about the Business — 1. Summary of material contracts” in Appendix IV to this prospectus;
6. the written consents referred to in the section headed “Statutory and General Information — D. Other Information — 8. Consents of experts” in Appendix IV to this prospectus;
7. the service agreements and letters of appointment of each of our Directors referred to in the section headed “Statutory and General Information — C. Further Information about Substantial Shareholders, Directors and Experts — 2. Particulars of service agreements” in Appendix IV to this prospectus;
8. the Cayman Companies Law;
9. the letters of advice prepared by Appleby summarising the constitution of our Company and certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus; and
10. the CH Report issued by Crowe Horwath, the extracts of which are set out in the section headed “Industry Overview” in this prospectus.



**ABLE ENGINEERING HOLDINGS LIMITED**  
安 保 工 程 控 股 有 限 公 司