LS 黎氏建築 Lai Si Construction

Lai Si Enterprise Holding Limited
黎氏企業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2266

SHARE OFFER

Sponsor

大有融資有限公司
MESSIS CAPITAL LIMITED

Sole Bookrunner

時富金融 CFSG

Joint Lead Managers

時富金融 CFSG

HOORAY 好盈

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

LS 黎氏建築
Lai Si Construction

Lai Si Enterprise Holding Limited
黎氏企業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares	**:**	**100,000,000 Shares**
Number of Placing Shares	**:**	**90,000,000 Shares (subject to reallocation)**
Number of Public Offer Shares	**:**	**10,000,000 Shares (subject to reallocation)**
Offer Price	**:**	**HK$1.15 per Offer Share (payable in full on application in Hong Kong dollars plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**2266**

Sponsor

大有融資有限公司
MESSIS CAPITAL LIMITED

Sole Bookrunner

時富金融 CFSG

Joint Lead Managers

時富金融 CFSG

HOORAY 好盈

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 in the appendix headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including risk factors set out in the section headed "Risk factors" in this prospectus. Pursuant to the Underwriting Agreements, the Joint Lead Managers (for themselves and on behalf of the Underwriters) have the right in certain circumstances 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 Listing Date. Further details of such circumstances are set out in the section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus or the Application Forms may not be used for the purpose of, and does not (and is not intended to) 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 distribution of this prospectus or the Application Forms and the offering of the Offer Shares in other jurisdictions may be restricted by law and therefore persons who possess this prospectus or any of the Application Forms should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities law.

27 January 2017

The Company will issue an announcement to be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.lai-si.com** if there is any change in the following expected timetable of the Share Offer:

	Date[1]
	2017
Latest time to complete electronic applications under **HK eIPO WHITE Form** service through the designated website **www.hkeipo.hk**[2],[3],[4]	11:30 a.m. on Friday, 3 February
Application lists open[2]	11:45 a.m. on Friday, 3 February
Latest time for lodging **WHITE**, **YELLOW** and **GREEN** Application Forms and giving **electronic application instructions** to HKSCC[3],[5]	12:00 noon on Friday, 3 February
Latest time for completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 3 February
Application lists close[2]	12:00 noon on Friday, 3 February
Announcement of the indication of the level of interest under the Placing, the level of applications under the Public Offer and the basis of allotment of the Public Offer Shares to be published on the website of the Company at **www.lai-si.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Thursday, 9 February
Results of allocations in the Public Offer (with successful applications' identification document numbers, where appropriate) will be available through a variety of channels as described in the section headed "How to apply for Public Offer Shares – 11. Publication of results" in this prospectus from	Thursday, 9 February
Results of allocations in the Public Offer to be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function from	Thursday, 9 February

Despatch/collection of share certificates of the Offer Shares or deposit of share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications under the Public Offer on or about(6) . . . . .Thursday, 9 February

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Public Offer on or about(7) .Thursday, 9 February

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . .Friday, 10 February

Notes:

(1) All times refer to Hong Kong local time and dates, 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) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 3 February 2017, the application lists will not open on that day. Further information is set out in the section headed "How to apply for Public Offer Shares – 10. Effect of bad weather on the opening of the application lists" in this prospectus.

(3) Applicants will not be permitted to submit applications through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If applicants have already submitted applications and obtained a payment reference number form the designated website prior to 11:30 a.m., they 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.

(4) Applicants who apply for Public Offer Shares through the **HK eIPO White Form** service should refer to the section headed "How to apply for Public Offer Shares" in this prospectus.

(5) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for Public Offer Shares – 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

(6) Applicants who apply on **WHITE** Application Forms for 1,000,000 Shares or more under the Public Offer and have provided all information required by their Application Forms may collect refund cheques and (where applicable) share certificates in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 9 February 2017. Identification and (where applicable) authorisation documents acceptable to Tricor Investor Services Limited must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more under the Public Offer and have provided all information required by their Application Forms may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms is the same as that for the **WHITE** Application Form applicants.

(7) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for Public Offer Shares" in this prospectus.

Uncollected share certificates and refund cheques will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "Refund of your money" in the relevant Application Forms.

Share certificates for the Offer Shares will become valid certificates of title only at 8:00 a.m. (Hong Kong time) on the Listing Date 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 – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus has not been exercised in accordance with their respective terms.

For details of the structure of the Share Offer, including its conditions, you should refer to the section headed "Structure and conditions of the Share Offer" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by the Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. 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. The Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters have not authorised any persons to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained or made in this prospectus must not be relied on by you as having been authorised by the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, any of the Underwriters, any of their respective directors, affiliates, employees or representatives or any other person or party involved in the Share Offer. The contents on the Company's website ***www.lai-si.com*** *do not form part of this prospectus.*

CONTENTS

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

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are summarised in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Unless otherwise specified, translations of HK$ into MOP in this prospectus are based on the exchange rate HK$1.00: MOP1.03.

BUSINESS OVERVIEW

The Group provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance works, mainly in Macau. According to the Frost & Sullivan Report, in terms of revenue, the Group was the second largest commercial fitting-out contractor in Macau in 2015, with market share of approximately 6.1%. During the Track Record Period, all of the Group's revenue was derived in Macau and the Group undertook projects from both private and public sectors. The following table sets forth a breakdown of the Group's revenue during the Track Record Period by business segments:

	Year ended 31 December						**Seven months ended 31 July**			
	2013		**2014**		**2015**		**2015**		**2016**	
	MOP'000	%	*MOP'000*	%	*MOP'000*	%	*MOP'000* (unaudited)	%	*MOP'000*	%
Private sector	56,374	95.0	116,062	98.6	220,183	99.8	116,238	99.7	128,838	99.5
Fitting-out works	48,814	82.2	106,723	90.7	216,765	98.3	114,116	97.8	127,573	98.5
Construction works	4,965	8.4	5,685	4.8	910	0.4	735	0.7	72	0.1
Repair and maintenance works	2,595	4.4	3,654	3.1	2,508	1.1	1,387	1.2	1,193	0.9
Public sector	2,966	5.0	1,691	1.4	528	0.2	429	0.3	688	0.5
Fitting-out works	844	1.4	–	–	157	0.1	155	0.1	–	–
Construction works	2,122	3.6	1,691	1.4	371	0.1	274	0.2	688	0.5
Repair and maintenance works	–	–	–	–	–	–	–	–	–	–
Total	59,340	100.0	117,753	100.0	220,711	100.0	116,667	100.0	129,526	100.0

The following table sets forth a breakdown of projects awarded to the Group, tender success rate, projects completed by the Group, backlog projects and value of backlog of the Group's fitting-out works and construction works segments during the Track Record Period:

	Year ended 31 December 2013	2014	2015	Seven months ended 31 July 2016	Total
Fitting-out works					
Number of projects awarded	34	26	23	17	100
Tender success rate (%)	43.0	35.1	43.4	43.6	N/A
Number of projects completed	28	25	24	11	88
Number of backlog projects	12	13	12	18	N/A
Value of backlog (MOP million)	36.9	233.4	179.4	123.0	N/A
Construction works					
Number of projects awarded	5	3	2	5	15
Tender success rate (%)	13.5	10.0	28.6	45.5	N/A
Number of projects completed	6	4	4	1	15
Number of backlog projects	4	3	1	5	N/A
Value of backlog (MOP million)	8.0	1.6	0.9	44.5	N/A

Although the total number of fitting-out projects awarded to the Group during the Track Record Period demonstrated a decreasing trend, number of fitting-out projects awarded to the Group with an awarded contract sum of over MOP10,000,000 increased from nil for the year ended 31 December 2013 to 5 for each of the two years ended 31 December 2015. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the total value for the new fitting-out projects awarded to the Group, representing the aggregate awarded contract sum, amounted to approximately MOP45.4 million, MOP303.2 million, MOP162.9 million and MOP71.2 million, respectively.

As at 31 December 2013, 2014 and 2015 and 31 July 2016, the Group had an aggregate value of backlog for fitting-out projects and construction projects of approximately MOP44.9 million, MOP235.0 million, MOP180.3 million and MOP123.0 million, respectively. The following table sets forth a breakdown of the Group's fitting-out contracts on hand by range of awarded contract sum:

	As at 1 January 2013	As at 31 December 2013	2014	2015	As at 31 July 2016
	Number of contracts on hand	*Number of contracts on hand*	*Number of contracts on hand*	*Number of contracts on hand*	*Number of contracts on hand*
Awarded contract sum *(Note)*					
MOP100,000,000 or above	–	–	1	1	1
MOP10,000,000 to below MOP100,000,000	2	–	3	5	5
MOP5,000,000 to below MOP10,000,000	1	1	1	–	–
MOP1,000,000 to below MOP5,000,000	3	6	7	6	8
Below MOP1,000,000	–	5	1	–	4
	6	12	13	12	18

The Group's number of fitting-out contracts on hand increased from 6 as at 1 January 2013 to 18 as at 31 July 2016, which is generally in line with the Group's business expansion.

Fitting-out projects undertaken by the Group during the Track Record Period can be broadly divided into three categories by type of customers, namely (i) hotel and casino; (ii) retail shop and restaurant; and (iii) others, such as the Macau Government and maintenance centre for watches. The Group provides fitting-out works for both new buildings and existing buildings in Macau. A fitting-out project generally involves shop drawing, procurement of materials, execution of fitting-out works, site supervision, management of subcontractors and overall project management. Types of fitting-out works of a typical fitting-out project generally include stone and marble works, carpentry and joinery works, floor carpeting, decorative lighting suspended ceilings, plastering works, steel and metal works, installation of sanitary fittings and wares, fittings, fixture and equipment, glazing works, painting works, wall papering, as well as other associated works. An alteration and addition fitting-out project primarily refers to interior decorative and modification works for existing buildings or units that will alter or change the use of such building or unit. Upon special requirements from the Group's customers, the Group may also provide services in relation to procurement of furniture and other decorative materials to be placed in such area.

Construction projects undertaken by the Group during the Track Record Period can be broadly divided into two categories, namely (i) general construction; and (ii) heritage conservation. A construction project generally involves demolition works, building construction works including foundation works, and buildings services systems installation. The Group is also responsible for structural calculation and shop drawing, procurement of materials, site supervision, management of subcontractors and overall project management. As a main contractor, the Group generally subcontracts certain types of works to other subcontractors, including but not limited to, building design, foundation works and building services systems installation.

The Group also provides repair and maintenance services for existing properties in Macau on (i) ad-hoc basis; and (ii) regular basis over a fixed period. Repair and maintenance services provided by the Group generally involve repair or replacement of interior decorative parts such as light bulbs and fixtures, as well as repair and maintenance works for building services systems.

CUSTOMERS

The Group's customers primarily include (i) hotel and casino developers and owners, international retailers and restaurant owners for fitting-out works; (ii) land owners and the Macau Government for construction works; and (iii) operators of hotel and casino, retail shop and restaurant for repair and maintenance works.

For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, revenue attributable to the Group's largest customer amounted to approximately 37.5%, 39.7%, 42.5% and 26.7% of the Group's total revenue, respectively, while revenue attributable to the Group's five largest customers, in aggregate, amounted to approximately 65.8%, 87.1%, 79.2% and 89.3% of the Group's total revenue, respectively. Mr. Stanley Lai, an executive Director, chairman of the Board and one of the Controlling Shareholders (collectively with Mr.

Harry Lai and Ms. Karen Lai), is one of the Group's largest customers for the year ended 31 December 2014. Details of the transactions between the Group and Mr. Stanley Lai are set out in the section headed "Connected transactions" in this prospectus. During the Track Record Period, the Group exhibited certain level of concentration on its major customers. For further details, please refer to the section headed "Business – Customers – Sustainability of the Group's business in view of concentration on major customers during the Track Record Period" in this prospectus.

Apart from regular repair and maintenance projects, the Group provides services to its customers on a project-by-project basis instead of entering into long-term contracts. The Group allows an average credit period of 30 days to its customers. For further details, please refer to the section headed "Business – Customers" in this prospectus.

SUPPLIERS AND SUBCONTRACTORS

The Group's suppliers mainly include suppliers for (i) materials to be consumed in its fitting-out projects and construction projects, such as wallpaper, wall paint, glass, marble, lightings, carpet and curtains etc.; and (ii) machines and equipment leasing services. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, purchases attributable to the Group's largest supplier amounted to approximately 26.9%, 44.7%, 7.0% and 19.6% of the Group's total purchases, respectively, while purchases attributable to the Group's five largest suppliers, in aggregate, amounted to approximately 45.7%, 72.4%, 24.4% and 41.2% of its total purchases, respectively.

The Group may subcontract certain activities in the project to other subcontractors depending on its internal resources level, nature of the works, complexity of the project and cost effectiveness. During the Track Record Period, the Group's subcontracted works mainly include demolition works, foundation works and building services systems installation. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, subcontracting fees paid to the Group's largest subcontractor amounted to approximately 7.1%, 9.8%, 12.3% and 31.6% of the Group's total subcontracting fees, respectively, while subcontracting fees paid to the Group's five largest subcontractors, in aggregate, amounted to approximately 29.5%, 33.1%, 38.9% and 60.6% of its total subcontracting fees, respectively.

The Group generally makes purchase orders or engages subcontractors on a project-by-project basis instead of entering into long-term agreements with them. During the Track Record Period, credit terms granted by the Group's suppliers and subcontractors range from 30 to 90 days. For further details, please refer to the sections headed "Business – Suppliers" and "Business – Subcontractors" in this prospectus.

MAJOR QUALIFICATION AND CERTIFICATIONS

Two subsidiaries of the Group, Lai Si and Well Team, are registered with the DSSOPT as a construction company since 2007 and 2015, respectively. In respect of the Group's quality control, Lai Si has been accredited with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 since 2009, 2014 and 2014, respectively. For further details, please refer to the section headed "Business – Major qualification and certifications" in this prospectus.

COMPETITIVE STRENGTHS

The Directors believe that the competitive strengths, which set the Group apart from its competitors and enable the Group to continue its growth and enhance its profitability, comprise (i) well-established reputation with proven track record in the fitting-out industry and construction industry in Macau; (ii) established business relationships with some of the Group's major customers; (iii) stable pool of suppliers and subcontractors; (iv) the Group's experienced management team possesses extensive industry knowledge; and (v) the Group has a well-established management system. For further details, please refer to the section headed "Business – Competitive strengths" in this prospectus.

BUSINESS STRATEGIES AND USE OF PROCEEDS

The Group's principal business objective is to further strengthen its position and overall competitiveness of its fitting-out and construction businesses in Macau and to gain a foothold in the fitting-out market in Hong Kong. The Group estimates that the aggregate net proceeds to the Company from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and an Offer Price of HK$1.15, will be approximately HK$89.8 million (equivalent to approximately MOP92.5 million). To achieve the Group's future expansion plans, the Directors intend to (i) use approximately HK$67.3 million (equivalent to approximately MOP69.3 million) to strengthen the Group's financial capabilities to undertake more new and larger scale fitting-out projects and construction projects; (ii) use approximately HK$4.5 million (equivalent to approximately MOP4.6 million) to further strengthen the Group's in-house team of experienced personnel; and (iii) use approximately HK$9.0 million (equivalent to approximately MOP9.3 million) to expand the Group's market coverage to gain a foothold in the fitting-out market in Hong Kong and the remaining proceeds will be used as general working capital. For further details, please refer to the sections headed "Business – Business strategies" and "Future plans and use of proceeds" in this prospectus.

REASONS AND BENEFITS FOR THE LISTING

The Directors are of the view that the Listing would be beneficial to the Group in the long run given that (i) the proceeds from the Listing can allow the Group to implement the business strategies as detailed in section headed "Business – Business Strategies" in this prospectus; (ii) a public listing status may offer the Company a broader shareholder base and enhance its brand awareness and publicity in Hong Kong; (iii) the Listing provides a platform for the Group to raise further equity capital in the future; (iv) the Listing will allow the Group to maintain its competitiveness against its market leader and provide an advantage to other competitors in Macau; and (v) it is the Directors' belief that some of the Group's customers prefer to engage fitting-out or construction contractor which is a listed company. For further details, please refer to section headed "Future Plans and Use of Proceeds – Reasons for and benefits of the Listing" in this prospectus.

MARKET AND COMPETITION

According to the Frost & Sullivan Report, revenue generated from fitting-out industry in Macau increased rapidly from approximately MOP1,522.2 million in 2010 to approximately MOP6,429.0 million in 2015 at a CAGR of approximately 33.4%. With the relatively slow in

GDP growth, the fitting-out market in Macau is estimated to have a modest CAGR of approximately 12.4% over the period from 2015 to 2020 and achieve approximately MOP11,539.3 million in the year of 2020. The growth is driven by the surging new construction area and increasing in total household number. Despite the recent economic downturn in Macau, in particular the gaming industry, the infrastructure development in Macau, namely the Hong Kong – Zhuhai – Macau Bridge, is anticipated to lead to a rebound of the tourism industry of Macau in the near future. Further, the Group provides fitting-out services to both new and existing buildings in Macau and the Directors consider that the existing hotels and casinos in Macau and retailers with shops located in Macau would continue to carry out refurbishment and renovation plans to maintain their competitiveness. The fitting-out market in Macau is dominated by a number of major contractors. In terms of revenue, the top five contractors collectively held approximately 88.0% of market share in 2015, of which the largest commercial fitting-out contractor had a market share of approximately 69.8% and the Group ranked as the second largest commercial fitting-out contractor with a market share of approximately 6.1%.

Regarding the fitting-out market in Hong Kong, pursuant to the Frost & Sullivan Report, it grew from approximately HK$3,814.1 million in 2010 to approximately HK$7,223.8 million in 2015 at a CAGR of approximately 13.6%. In the next five years, it is expected to have a relatively low growth rate at a CAGR of approximately 10.2%, reaching approximately HK$11,741.2 million by the end of 2020. For further details, please refer to the section headed “Industry overview” in this prospectus.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), SHKMCL will be beneficially interested in 75% of the issued share capital of the Company which is entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of the Company. SHKMCL is owned as to 50%, 30% and 20% by Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai, respectively. Mr. Stanley Lai is the father of Mr. Harry Lai and Ms. Karen Lai. As such, (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL are regarded as the Controlling Shareholders.

Prior to the Reorganisation, the entire equity interests of Lai Si, Well Team and Lai Si (HK) were directly held by Mr. Stanley Lai, Mr. Harry Lai, Ms. Karen Lai and/or Ms. Lai Ieng Fai (who is a daughter of Mr. Stanley Lai) on behalf of the family of Mr. Stanley Lai. Lai Si, Well Team and Lai Si (HK) were beneficially and wholly owned by the family members of Mr. Stanley Lai collectively as the controlling shareholders. Mr. Stanley Lai, Mr. Harry Lai or Ms. Karen Lai (as the case may be) will, after the Listing, continue to hold Lai Si, Well Team and Lai Si (HK) through their shareholdings in the Company on behalf of the family members of Mr. Stanley Lai.

Saved for the Excluded Company I and the Excluded Company II (as defined in the section headed “Relationship with the Controlling Shareholders” in this prospectus), none of the Controlling Shareholders is interested in any business that is, whether directly or indirectly, in competition with the Group. For further details, please refer to the section headed “Relationship with the Controlling Shareholders” in this prospectus.

SUMMARY OF FINANCIAL INFORMATION

The tables below set forth the key financial information of the Group derived from the its combined financial statements set out in the accountants' report in Appendix I to this prospectus. The following information should be read in conjunction with the section headed "Financial information" in this prospectus and the combined financial statements and the related notes in the accountants' report in Appendix I to this prospectus.

Combined statements of profit or loss and other comprehensive income

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Revenue	59,340	117,753	220,711	116,667	129,526
Gross profit	24,147	58,035	60,232	30,614	35,363
Profit before taxation	17,244	49,671	47,157	22,221	15,098
Profit and total comprehensive income for the year/period attributable to owners of the Company	14,882	43,325	41,365	19,506	12,593

For the two years ended 31 December 2013 and 2014, the Group's revenue increased by approximately 98.4% from approximately MOP59.3 million to approximately MOP117.8 million. The Group's revenue further increased by approximately 87.4% from approximately MOP117.8 million for the year ended 31 December 2014 to approximately MOP220.7 million for the year ended 31 December 2015. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the Group's revenue generated from fitting-out projects accounted for approximately 83.7%, 90.6%, 98.3% and 98.5%, of its total revenue, respectively, and the remaining was generated from construction projects undertaken and repair and maintenance services provided by the Group.

The Group's revenue mainly represents income derived from undertaking project works. Costs of the Group's services mainly include subcontracting fees, cost of materials and staff costs in respect of its on-site project management and supervision personnel as well as direct labour for carrying out site works. The Group's cost of sales during the Track Record Period primarily consisted of (i) subcontracting fees; (ii) material costs; and (iii) direct labour costs.

The following table sets forth a breakdown of the Group's gross profit and gross profit margin during the Track Record Period by business segments:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	Gross profit MOP'000	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000* (unaudited)	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*
Fitting-out works	21,931	44.2	54,616	51.2	58,375	26.9	29,502	25.8	34,562	27.1
Construction works	892	12.6	459	6.2	74	5.8	81	8.0	51	6.7
Repair and maintenance works	1,324	51.0	2,960	81.0	1,783	71.1	1,031	74.3	750	62.9
Total/overall	24,147	40.7	58,035	49.3	60,232	27.3	30,614	26.2	35,363	27.3

The Group recorded gross profit of approximately MOP24.1 million, MOP58.0 million, MOP60.2 million and MOP35.4 million for the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, respectively, and the gross profit margin was approximately 40.7%, 49.3%, 27.3% and 27.3%, respectively for the corresponding years/period. The Directors are of the view that due to different job natures and cost components, the gross profit margin of different business segments varies significantly. In general, gross profit margin of repair and maintenance is generally higher than the other two segments because (i) majority of the repair and maintenance projects were on ad-hoc basis as required and demanded by the customers; (ii) the Group can charge higher price for such repair and maintenance projects that required completions within short timeframe of 1 day to 3 days in general; and (iii) the Group mainly relies on its in-house workers to carry out the works. Gross profit margin of construction works segment is relatively lower mainly due to the intense competition in the tendering process and the Group offers competitive pricing to maintain its market presence.

The gross profit margin of repair and maintenance works increased from approximately 51.0% for the year ended 31 December 2013 to approximately 81.0% for the year ended 31 December 2014. Such increase was mainly attributable to a repair and maintenance project during the year ended 31 December 2014 in which the Group charged the customer a relatively high price due to the specific requirements from the customer that the repair and maintenance works need to be conducted without disrupting its operation. In addition, this project mainly involved the repair and maintenance of furniture and lightings, which was conducted by the in-house workers of the Group without incurring substantive costs. As a result, the Group recorded a higher gross profit margin from the project.

The gross profit margin of repair and maintenance works decreased from approximately 81.0% for the year ended 31 December 2014 to approximately 71.1% for the year ended 31 December 2015. Such decrease was mainly due to the completion of the abovementioned repair and maintenance project which had high gross profit margin in 2014, partially offset by another repair and maintenance project during the year ended 31 December 2015 in which the Group was only required to provide advice regarding repair and maintenance and thus incurred only minimal costs.

The gross profit margin of repair and maintenance works decreased from approximately 74.3% for the seven months ended 31 July 2015 to approximately 62.9% for the seven months ended 31 July 2016. During the seven months ended 31 July 2016, the Group was awarded two regular repair and maintenance projects which involved regular cleaning and inspection of air conditioning systems. Subcontractors were required to perform such works and hence lowered the gross profit margins of those projects were lowered.

For each of the two years ended 31 December 2014, the Group recorded higher gross profit margin than that of the year ended 31 December 2015 which was due to the different scale of fitting-out projects undertaken by the Group. For each of the two years ended 31 December 2014, there were no fitting-out projects which individually contributed revenue of over MOP20,000,000 during the respective year. Due to the Group's intention to undertake large scale projects, the Group tends to lower the margin of such large scale fitting-out projects to increase competitiveness of its tenders. As such, the Group undertook 4 large scale projects which individually contributed revenue of over MOP20,000,000 during the year ended 31 December 2015 with lower gross profit margin than that of the projects with smaller scale. The gross profit margin of fitting-out works segment increased from approximately 44.2% for the year ended 31 December 2013 to 51.2% for the year ended 31 December 2014, such increase was mainly driven by higher profit margin of a few sizeable projects carried out during the year, in particular, three hotel and casino fitting-out projects, each with aggregate revenue recognised of over MOP10,000,000, had a gross profit margin of approximately 86.7%, 73.6% and 66.8%, respectively. Such exceptional high gross profit margin for these three projects was because the Group was required by its customers to complete ad-hoc additional works within a relatively short time period during the course of the projects. Since majority works for these three projects had been completed during the year ended 31 December 2014, the Group's gross profit margin for the fitting-out works segment decreased to approximately 26.9% for the year ended 31 December 2015. In addition, the average gross profit margin for large scale fitting-out projects for the year ended 31 December 2015 was significantly lower than that of the two years ended 31 December 2014. During the year ended 31 December 2013, there was only one fitting-out project with individual revenue recognition over MOP10,000,000 and its gross profit margin was approximately 51.2%. During the year ended 31 December 2014, the number of fitting-out projects with individual revenue recognition over MOP10,000,000 increased to four and as a result of the nature of these projects as mentioned above, the Group recorded a high average gross profit margin of approximately 70.2% from these 4 projects. During the year ended 31 December 2015, the average gross profit margin of the four fitting-out projects with individual revenue recognition over MOP20,000,000 was approximately 20.9%, which was mainly because (i) competitive pricing in bidding for such contracts; and (ii) some large scale fitting-out projects during the year required expensive furniture and decorative materials. As a combined result, the gross profit margin of the Group's fitting-out works segment for the year ended 31 December 2015 is significantly lower than that of the previous two years.

According to the Frost & Sullivan Report, the gaming industry of Macau recorded a downturn in 2015, which decreased the demand for hotels and casinos. However, the infrastructure development in Macau provides the growth opportunities in the long run and the tourism industry of Macau is expected to rebound in the near future. Further, it is an industry norm that a commercial construction project refurbishes its interior decoration every 3 to 5 years, which indicates a stimulus that many hotels, retail stores and offices, which were built from 2010 to 2014, are to be renovated from 2015 to 2020. As such, fitting-out market in Macau is expected to have a modest growth at a CAGR of approximately 12.4% over the period from 2015 to 2020. Based on the aforesaid and having taken into account that (i) the gross profit margin for the seven months ended 31 July 2016 of approximately 27.3% is similar to that of approximately 27.3% for the year ended 31 December 2015; (ii) the Group's projects on hand for different segments; (iii) the Group has to maintain its price competitiveness to undertake more new and larger scale projects in Macau and to solicit new customers in Hong Kong; and (iv) the relatively high gross profit margin for the year ended 31 December 2014 was due to several fitting-out projects with exceptional high gross profit margin, the Directors consider that the Group's future gross profit margin will maintain at a similar level as that for the year ended 31 December 2015.

The Group recorded profit for the year/period of approximately MOP14.9 million, MOP43.3 million, MOP41.4 million and MOP12.6 million for the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, respectively. The Directors believe that the Group achieved growth in revenue and profit mainly by expansion of scope of services, expanded customer base and increased revenue from customers as the Group maintained quality of services and competitive edge in the industry. Please refer to the section headed "Financial information – Period to period comparison of results of operations" in this prospectus for details.

Combined statements of financial position

	As at 31 December			As at 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Non-current assets	18,047	29,359	4,992	4,799
Current assets	46,391	85,167	212,167	169,622
Total assets	64,438	114,526	217,159	174,421
Non-current liability	86	43	–	–
Current liabilities	29,371	48,321	109,622	124,440
Total liabilities	29,457	48,364	109,622	124,440
Net current assets	17,020	36,846	102,545	45,182
Total equity	34,981	66,162	107,537	49,981

As at 31 December 2013, 2014 and 2015 and 31 July 2016, the Group had net current assets of approximately MOP17.0 million, MOP36.8 million, MOP102.5 million and MOP45.2 million, respectively. The general increase from 31 December 2013 to 31 December 2015 was primarily due to the Group's business expansion and the decrease from 31 December 2015 to 31 July 2016 was primarily due to the dividend of MOP70.0 million declared during the seven months ended 31 July 2016, all of which had been settled by offsetting with amounts due from a Director.

Combined statements of cash flows

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Net cash from operating activities	5,398	38,542	4,883	4,973	23,051
Net cash used in investing activities	(9,966)	(40,959)	(27,949)	(18,502)	(3,382)
Net cash from (used in) financing activities	5,710	1,159	24,716	15,886	(19,810)
Net increase (decrease) in cash and cash equivalents	1,142	(1,258)	1,650	2,357	(141)
Cash and cash equivalents at the beginning of the year/period	356	1,498	240	240	1,890
Cash and cash equivalents at the end of the year/period	1,498	240	1,890	2,597	1,749

The cash and cash equivalents, comprising bank balances and cash, decreased from approximately MOP1.5 million as at 31 December 2013 to approximately MOP0.2 million as at 31 December 2014. The decrease was mainly attributable to net cash used in investing activities of approximately MOP41.0 million primarily as a result of (i) the advances to the Directors of approximately MOP41.9 million; (ii) advances to related parties of approximately MOP10.8 million; and (iii) purchase of property, plant and equipment of approximately MOP0.8 million, and partly offset by the repayments from the Directors of approximately MOP5.1 million and repayments from related parties of approximately MOP7.4 million. It was offset by the net cash from operating activities of approximately MOP38.5 million arising from expanded revenue during the year.

The cash and cash equivalents increased to approximately MOP1.9 million as at 31 December 2015, primarily attributable net cash from financing activities of approximately MOP24.7 million which in turn as a result of the new bank borrowings of approximately MOP50.2 million and offset by repayments of bank and other borrowings of approximately MOP23.7 million and interest payment of approximately MOP1.8 million.

The cash and cash equivalents slightly decreased to approximately MOP1.7 million as at 31 July 2016. The decrease was mainly attributable to net cash used in financing activities of approximately MOP19.8 million and net cash used in investing activities of approximately MOP3.4 million, which was partly offset by the net cash from operating activities of approximately MOP23.1 million.

Key financial ratios

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
Return on total assets	23.1%	37.8%	19.0%	7.2%
Return on equity	42.5%	65.5%	38.5%	25.2%
Net profit margin	25.1%	36.8%	18.7%	9.7%
Interest coverage	53.7 times	69.0 times	27.4 times	14.5 times

	As at 31 December			As at 31 July
	2013	**2014**	**2015**	**2016**
Current ratio	1.6	1.8	1.9	1.4
Quick ratio	1.6	1.8	1.9	1.4
Gearing ratio(1)	0.3	0.3	0.4	0.7
Net debt to equity ratio	0.2	0.3	0.4	0.5

Note:

1. Gearing ratio is calculated by dividing total debts which include payables incurred not in the ordinary course of business with total equity as at the end of respective year/period.

For the analysis of the Group's key financial ratios during the Track Record Period and their respective basis of calculation, please refer to the section headed "Financial information – Key financial ratios" in this prospectus.

RECENT DEVELOPMENT

As at the Latest Practicable Date, the Group had 6 fitting-out projects, 1 construction project and 2 regular repair and maintenance projects in progress, details of which are set out as below:

	Number of on-going projects	Latest expected completion date	Aggregate awarded contract sum *(Note 1)*	Accumulated revenue recognised as at the Latest Practicable Date	Remaining revenue to be recognised *(Note 2)*
			MOP million	*MOP million*	*MOP million*
Fitting-out projects	6	June 2017	146.3	101.3	45.0
Construction projects	1	August 2017	25.0	4.4	20.6
Regular repair and maintenance projects	2	July 2017	0.9	0.5	0.4
Total			172.2	106.2	66.0

Subsequent to the Track Record Period and up to 30 November 2016, the Group (i) had submitted 43 and 10 tenders or quotations for fitting-out works and construction works, respectively; and (ii) had been awarded with 8 fitting-out projects and 1 construction project, details of which are set out as below:

	Number of projects awarded	Latest expected completion date	Aggregate awarded contract sum *(Note 1)*	Accumulated revenue recognised as at 30 November 2016	Remaining revenue to be recognised *(Note 2)*
			MOP million	*MOP million*	*MOP million*
Fitting-out projects	8	Jan 2017	36.2	15.3	20.9
Construction projects	1	May 2017	25.0	1.3	23.7
Total			61.2	16.6	44.6

Notes:

1. The aggregate awarded contract sum does not take into account any variation orders issued by the customers and is only based on the initial engagement agreement entered into or quotation agreed upon between the Group and its customers.

2. The remaining revenue to be recognised does not take into account any variation orders issued by the customers and is only based on the initial engagement agreement entered into or quotation agreed upon between the Group and its customers.

On 2 August 2016, Lai Si entered into a sales and purchase agreement with an Independent Third Party for the acquisition of a property in Macau, which will be the Group's new headquarters, at a consideration of HK$67,000,000 (equivalent to approximately MOP69,010,000). Completion of the acquisition took place on 24 October 2016. The acquisition was financed by the Group's internal resources and banking facilities. For further details, please refer to the section headed "Business – Properties – Owned properties – Property acquired by the Group subsequent to the Track Record Period" in this prospectus and the appendix headed "Property valuation" set out in Appendix IV to this prospectus.

In December 2016, the Group was awarded 3 fitting-out contracts with an aggregate contract sum of approximately MOP17.3 million, 2 of which are fitting-out projects in Hong Kong with an aggregate contract sum of approximately MOP1.9 million.

Save as disclosed above, the Directors confirm that, up to date of this prospectus, there is no material change in the Group's business operations since December 2016.

LISTING EXPENSES

The Directors are of the view that there would be a negative impact on the financial results, including the net profit of the Group for the financial year ended 31 December 2016, due to the non-recurring Listing expenses. The Directors estimate that the total amount of expenses in relation to the Listing is approximately HK$25.2 million (equivalent to approximately MOP26.0 million), of which approximately HK$8.7 million (equivalent to approximately MOP8.9 million) is directly attributable to the issue of the Share Offer and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately HK$16.5 million (equivalent to approximately MOP17.1 million), which cannot be deducted, will be charged to profit or loss. The remaining amount of approximately HK$6.9 million (equivalent to approximately MOP7.1 million) has been charged during the Track Record Period and approximately HK$6.8 million (equivalent to approximately MOP7.0 million) is expected to be incurred for the five months ended 31 December 2016. Approximately HK$2.8 million (equivalent to approximately MOP3.0 million) is expected to be incurred for the year ending 31 December 2017. Expenses in relation to the Listing are non-recurring in nature. The Board wishes to inform the Shareholders and potential investors that the Group's financial performance and results of operations for the year ended 31 December 2016 and the year ending 31 December 2017 will be affected by the estimated expenses in relation to the Listing.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2016

Estimated unaudited combined profit attributable to owners of the Company *(Note 1)*	not less than MOP30.0 million
Unaudited pro forma estimated earnings per Share *(Note 2)*	not less than MOP7.5 cents

Notes:

(1) The bases on which the above profit estimate for the year ended 31 December 2016 has been prepared are summarised in Appendix III to this prospectus. The Directors have prepared the estimated combined profit

attributable to owners of the Company for the year ended 31 December 2016 based on the audited combined results for the seven months ended 31 July 2016, and the unaudited combined results based on management accounts of the Group for four months ended 30 November 2016 and an estimate of the combined results of the Group for the remaining one month ended 31 December 2016.

(2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated combined results for the year ended 31 December 2016 attributable to owners of the Company, assuming that a total of 400,000,000 Shares had been in issued during the entire year. The calculation of the estimated earnings per Share does not take into account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme 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 referred to in Appendix VI to this prospectus.

DIVIDENDS

During the year ended 31 December 2014, a final dividend of MOP10,300,000 was recognised as distribution by Lai Si to the Controlling Shareholders, which was paid in cash. During the seven months ended 31 July 2016, a dividend of MOP70,000,000 was declared by Lai Si to the Controlling Shareholders, which was settled by offsetting with amount due from a Director. No dividend was paid or proposed during the year ended 31 December 2013 and 2015. The Company currently does not have a dividend policy and may declare dividends by way of cash of other means that the Directors consider appropriate. A decision to declare any dividend in the future would require the approval of the Board and depend upon the factors stated in the section headed "Financial information – Dividends" in this prospectus.

OFFER STATISTICS

The following table sets forth the statistics based on the assumption that 100,000,000 Offer Shares are issued under the Share Offer:

	Based on the Offer Price of HK$1.15 per Offer Share
Market capitalisation of the Company at Listing *(Note 1)*	HK$460 million
Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share *(Note 2)*	MOP0.37

Notes:

1. The calculation of market capitalisation is based on the 400,000,000 Shares expected to be in issue immediately upon completion of the Share Offer.

2. The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share is calculated after the adjustments referred to in the section headed "Unaudited pro forma financial information" set out in Appendix II to this prospectus and on the basis of a total of 400,000,000 Shares being in issue at the Offer Price of HK$1.15 per Offer Share immediately upon completion of the Share Offer.

HISTORICAL NON-COMPLIANCE AND LITIGATION

During the Track Record Period, the Group failed to comply with certain legal requirements applicable to the Group. Please refer to the section headed "Business – Non-compliance" in this prospectus for details of such non-compliance incidents and the respective rectification measures taken.

As at the Latest Practicable Date, the Group was involved in two on-going litigation claims in relation to the same incident occurred at Sin Fung Garden Building in Macau. Further details of the litigation claims are set out in the section headed "Business – Litigation" in this prospectus.

RISK FACTORS

There are certain risks involved in the Group's business operations, many of which are beyond the Group's control. Any of the factors set out in the section headed "Risk factors" in this prospectus may limit the Group's ability to execute its strategies successfully. The Directors believe that the major risks that may have a material adverse impact on the Group, including (i) the Group's revenue is non-recurring in nature and failure to secure new projects could materially affect the Group's sustainability and financial performance; (ii) the Group's top five customers accounted for a major portion of the Group's revenue; (iii) failure to make accurate estimation for submitting tenders for new projects could materially affect the Group's profitability; (iv) inability to secure a stable supply of labour at affordable wages may materially affect the Group's operations and financial performance; and (v) the Group may not be able to maintain or increase its success rate in obtaining projects tendered and quoted.

NO MATERIAL ADVERSE CHANGE

Save as the Listing expenses, the Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of the Group since 31 July 2016 (being the date to which the latest audited combined financial statements of the Group were prepared), and there is no event since 31 July 2016 which would materially affect the information shown in the accountants' report set out in Appendix I to this prospectus.

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

"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s) or, where the context so requires, any of them, relating to the Public Offer
"Articles" or "Articles of Association"	the articles of association of the Company adopted on 18 January 2017 and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto it under the Listing Rules
"Board" or "Board of Directors"	the board of Directors of the Company
"business day"	any day (other than a Saturday, and Sunday or public holidays in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compounded annual growth rate
"Capitalisation Issue"	the issue of 299,950,000 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of the Company referred to in the section headed "A. Further information about the Group – 4. Written resolutions of the sole Shareholder" in Appendix VI to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person permitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person permitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participants"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Celestial Securities" or "Sole Bookrunner"	Celestial Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activities under the SFO, being the sole bookrunner of the Share Offer and one of the Joint Lead Managers
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Combo"	Combo Restaurant Management Company Limited (金葡餐飲管理有限公司), a limited liability company incorporated in Macau on 13 January 2011 and owned as to 30% by Ms. Annie Cheong and 70% by Independent Third Parties
"Combo Group"	Combo and its subsidiary(ies)
"Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemented from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented 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, modified and supplemented from time to time
"Company"	Lai Si Enterprise Holding Limited (黎氏企業控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2016
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Construtor Civil Lai Ieng Man"	Construtor Civil Lai Ieng Man (黎英萬建築商), a commercial enterprise previously owned by Mr. Stanley Lai which commenced business on 27 January 1987. On 7 June 2016, Mr. Stanley Lai sold Construtor Civil Lai Ieng Man together with all the assets and liabilities thereof to Lai Si
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and in the case of the Company, means (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Deed of Indemnity"	the deed of indemnity dated 18 January 2017 executed by the Controlling Shareholders in favour of the Company (for itself and as trustee for each of the subsidiaries of the Company from time to time) regarding certain indemnities as more particularly set out in the section headed "E. Other Information – 1. Tax and other indemnity" in Appendix VI to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 18 January 2017 executed by the Controlling Shareholders in favour of the Company (for itself and as trustee for each of the subsidiaries of the Company from time to time) regarding the non-competition undertakings as more particularly set out in the section headed "Relationship with the Controlling Shareholders – Deed of Non-competition" in this prospectus
"Director(s)"	the director(s) of the Company
"DSSOPT"	Land, Public Works and Transport Bureau of Macau (in Portuguese, the Direcção dos Serviços de Solos, Obras Públicas e Transportes da Região Administrativa Especial de Macau and in Chinese, 澳門特別行政區土地工務運輸局)
"First 6-Month Period"	has the meaning as it is defined in the section headed "Underwriting" in this prospectus
"Frost & Sullivan"	Frost & Sullivan Limited, an international market research consultant and an Independent Third Party

"Frost & Sullivan Report"	a market research report commissioned by the Group and prepared by Frost & Sullivan on the overview of the industries in which the Group operates or intends to operate
"GDP"	gross domestic product
"**GREEN** Application Form(s)"	the form(s) of application to be completed by the **HK eIPO White Form** Service Provider
"Group"	the Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries pursuant to the Reorganisation, its present subsidiaries and the businesses operated by such subsidiaries or their predecessors (as the case may be)
"**HK eIPO White Form**"	the application for Public Offer Shares to be issued in applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** Service Provider at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by the Company, as specified on the designated website of **HK eIPO White Form** at **www.hkeipo.hk**
"HKAS"	Hong Kong Accounting Standard
"HKFRS(s)"	Hong Kong Financial Reporting Standard(s)
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong", "HKSAR" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited

"Hooray Securities"	Hooray Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activities under the SFO, being one of the Joint Lead Managers
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent and not connected with (within the meaning of the Listing Rules) any of the Directors, chief executive or Substantial Shareholders of the Company or the Company, its subsidiaries or any of their respective associates and not otherwise a connected person of the Company
"Joint Lead Managers"	Celestial Securities and Hooray Securities
"Lai Si"	Lai Si Construction & Engineering Company Limited (黎氏建築工程有限公司), a limited liability company incorporated in Macau on 8 November 2004 and an indirect wholly-owned subsidiary of the Company
"Lai Si (HK)"	Lai Si Construction (Hong Kong) Company Limited (黎氏建築(香港)有限公司), a limited liability company incorporated in Hong Kong on 5 May 2015 and an indirect wholly-owned subsidiary of the Company
"Latest Practicable Date"	17 January 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date on which dealings of the Shares on the Main Board of Stock Exchange first commence, which is expected to be on or about 10 February 2017
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time

"LSHKHL"	LSHK Holding Limited, a company incorporated in the BVI on 7 June 2016 and a direct wholly-owned subsidiary of the Company
"LSMAHL"	LSMA Holding Limited, a company incorporated in the BVI on 7 June 2016 and a direct wholly-owned subsidiary of the Company
"Macau"	the Macau Special Administrative Region of the PRC
"Macau Government"	the government of Macau
"Macau Legal Advisers"	FCLAW Lawyers & Private Notaries, the legal advisers to the Company as to Macau law
"Macau Tax Advisers"	Keng Ou CPAs, the Macau tax advisers to the Company
"Main Board"	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operating in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company adopted on 18 January 2017 and as amended from time to time
"Messis Capital" or "Sponsor"	Messis Capital Limited, the sponsor for the Listing and a licensed corporation to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"Mr. Harry Lai"	Mr. LAI Meng San (黎鳴山), an executive Director, the chief executive officer of the Company, one of the Controlling Shareholders (collectively with Mr. Stanley Lai and Ms. Karen Lai), the son of Mr. Stanley Lai, the brother of Ms. Karen Lai and the spouse of Ms. Annie Cheong
"Mr. Stanley Lai"	Mr. LAI Ieng Man (黎英萬), an executive Director, the chairman of the Board, one of the Controlling Shareholders (collectively with Mr. Harry Lai and Ms. Karen Lai), the father of Mr. Harry Lai and Ms. Karen Lai and the father-in-law of Ms. Annie Cheong

"Ms. Annie Cheong"	Ms. CHEONG Weng Si (張穎思), an executive Director, the spouse of Mr. Harry Lai, the daughter-in-law of Mr. Stanley Lai and the sister-in-law of Ms. Karen Lai
"Ms. Karen Lai"	Ms. LAI Ieng Wai (黎盈惠), an executive Director, one of the Controlling Shareholders (collectively with Mr. Stanley Lai and Mr. Harry Lai), a daughter of Mr. Stanley Lai, the sister of Mr. Harry Lai and the sister-in-law of Ms. Annie Cheong
"Offer Price"	HK$1.15 per Offer Share (exclusive of brokerage, the SFC transaction levy and the Stock Exchange trading fee) at which the Offer Shares are to be subscribed for and issued pursuant to the Share Offer
"Offer Share(s)"	collectively, the Placing Shares and the Public Offer Shares
"Placing"	the conditional placing of the Offer Shares at the Offer Price to selected professional, institutional and private investors as set out in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing Share(s)"	the 90,000,000 new Shares initially being offered at the Offer Price for subscription under the Placing subject to reallocation as described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing Underwriter(s)"	the underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
"Placing Underwriting Agreement"	the conditional underwriting and placing agreement relating to the Placing expected to be entered into between the Company, the Controlling Shareholders, the executive Directors, the Sponsor and the Placing Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"PRC"	the People's Republic of China which, except where the context requires and for the purpose of this prospectus only, does not include Taiwan, Hong Kong and Macau

"Public Offer"	the offer of the Public Offer Shares for subscription by the members of the public in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions described in the section headed "Structure and conditions of the Share Offer" in this prospectus and the Application Forms
"Public Offer Share(s)"	the 10,000,000 new Shares initially being offered at the Offer Price for subscription in the Public Offer subject to reallocation as described 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 section headed "Underwriting – Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement dated 26 January 2017 relating to the Public Offer entered into between the Company, the Controlling Shareholders, the executive Directors, the Sponsor and the Public Offer Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"Relevant Jurisdictions"	has the meaning as it is defined in the section headed "Underwriting" in this prospectus
"Relevant Securities"	has the meaning as it is defined in the section headed "Underwriting" in this prospectus
"Reorganisation"	the corporate reorganisation arrangements implemented by the Group in preparation for the Listing which is more particularly described in the section headed "History, Reorganisation and corporate structure" in this prospectus
"Second 6-Month Period"	has the meaning as it is defined in the section headed "Underwriting" in this prospectus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time

"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	collectively, the Placing and the Public Offer
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 18 January 2017, the principal terms of which are summarised in the section headed "D. Share Option Scheme" in Appendix VI to this prospectus
"SHKMCL"	SHK-Mac Capital Limited, a BVI business company incorporated in the BVI on 25 May 2016 and one of the Controlling Shareholders, which is owned as to 50% by Mr. Stanley Lai, 30% by Mr. Harry Lai and 20% by Ms. Karen Lai
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in the Listing Rules
"Substantial Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers, as amended, modified and supplemented from time to time
"Track Record Period"	the three years ended 31 December 2015 and the seven months ended 31 July 2016
"Underwriters"	collectively, the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	collectively, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"Well Team"	Well Team Engineering Company Limited (宏天工程有限公司), a limited liability company incorporated in Macau on 5 September 2006 and an indirect wholly-owned subsidiary of the Company
"**WHITE** Application Form(s)"	the form(s) of application for the Public Offer Shares for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name(s)

"WTMAHL"	WTMA Holding Limited, a company incorporated in the BVI on 7 June 2016 and a direct wholly-owned subsidiary of the Company
"**YELLOW** Application Form(s)"	the form(s) of application for the Public Offer Shares for use by the public who requires such Public Offer Shares to be deposited directly into CCASS
"AUD" or "Australian dollars"	Australian dollars, the lawful currency of Australia
"CFH" or "Swiss Franc"	Swiss Franc, the lawful currency of Switzerland
"EUR" or "Euro"	Euro, the lawful currency adopted by 17 of the 27 member states of the European Union
"HK$" or "HK dollars" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"KRW" or "Korean Won"	Korean Won, the lawful currency of Korea
"MOP" or "Pataca"	Macau Pataca, the lawful currency of Macau
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SEK" or "Swedish Krona"	Swedish Krona, the lawful currency of Sweden
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States of America
"%"	per cent

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to the Company and as they are used in this prospectus in connection with the Group's business. These terms are their given meanings may not correspond to standard industry definitions.

"ISO"	International Organisation for Standardisation, a worldwide federation of national standards bodies
"ISO 9001:2008"	a standard under ISO used for certification or registration and contractual purposes by organisations seeking recognition of their quality management, which specifies the requirement for quality management systems for any organisation that needs to demonstrate its ability to consistently provide products that meet its requisite standards
"ISO 14001:2004"	a standard under ISO for environmental management which is primarily concerned with what an organisation does to comply with legal requirements to minimise the harmful effects on the environment caused by its activities and which sets requirements for what an organisation must do to manage processes influencing the impact of its activities on the environment
"OHSAS"	acronym for Occupational Health and Safety Management Systems, which provides a framework for organisations to identify and control its occupational risks and to improve their occupational safety and health performance
"OHSAS 18001:2007"	the requirements for occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
"practical completion certificate"	documented verification that all works and tasks included in a contract have been satisfactorily completed to a standard specification
"Schedule of Rates"	a schedule setting out the breakdown of rates for different activities in the project and setting out the contract sum in the tender

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases the words such as "aim", "anticipate", "believe", "estimate", "expect", "going forward", "intend", "may", "plan", "potential", "predict", "propose", "seek", "should", "will", "would" and other similar expressions are used to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- the Group's business and operating strategies and plans of operation;
- the amount and nature of, and potential for, future development of the Group's business;
- the Company's dividend distribution plans;
- the regulatory environment as well as the general industry outlook for the industry in which the Group operates;
- future developments in the industry in which the Group operates; and
- the trend of the economy of Macau, Hong Kong, the PRC and the world in general.

These statements are based on several assumptions, including those regarding the Group's present and future business strategy and the environment in which the Group will operate in the future.

The Group's future results could differ materially from those expressed or implied by such forward-looking statements. In addition, the Group's future performance may be affected by various factors including, without limitation, those discussed in the sections headed "Risk factors" and "Financial information" in this prospectus.

Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions to prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of the forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements as set out in this section.

In this prospectus, statements of, or references to, the Group's intentions or those of any of the Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

Potential investors should carefully consider all of the information set out in this prospectus and, in particular, should consider the following risks and special consideration associated with an investment in the Company before making any investment decision in relation to the Shares. If any of the possible events as described below, or any other risk factors or uncertainties that the Company is unaware of, materialises, the Group's business, financial position and prospects could be materially and adversely affected and the trading prices of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's revenue is non-recurring in nature and failure to secure new projects could materially affect the Group's sustainability and financial performance

The latest expected completion date of the Group's fitting-out projects on hand as at the Latest Practicable Date is June 2017 and the approximate duration of the Group's fitting-out projects usually ranges from 1 week to 23 months. For the construction works, the latest expected completion date of the construction projects awarded to the Group, which has not yet commenced as at the Latest Practicable Date, is March 2019 and the approximate duration of the Group's construction projects usually ranges from 1 month to 58 months, excluding the defects liability period. As the Group's projects are entered into on a project-by-project basis, its revenue is non-recurring in nature and the Group cannot guarantee that it will continue to secure new projects from its customers after the completion of the existing awarded projects.

It is critical for the Group to secure new projects of similar or larger value on a continuous basis. In the event the Group is unable to secure new projects from its existing and new customers or price its tender or quotation competitively, its business, sustainability and financial performance will be adversely affected.

The Group's top five customers accounted for a major portion of the Group's revenue

The Group's top five customers accounted for approximately 65.8%, 87.1%, 79.2% and 89.3% of the Group's revenue for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, respectively, of which approximately 37.5%, 39.7%, 42.5% and 26.7% of the Group's total revenue were attributed to its largest customer for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, respectively. The Group does not enter into any long-term written agreements with these major customers as the contracts are awarded to the Group on a project-by-project basis through tender process.

There is no assurance that the Group would be able to retain its major customers in the future. The Group's results of operations, profitability and liquidity would be materially and adversely affected if the Group is unable to secure new projects from its major customers or fails to procure a similar level of business from other customers on comparable commercial terms to partly or wholly offset the loss of revenue from these major customers.

In addition, the Group's business, financial condition and results of operations also depend on the financial condition and commercial success of these major customers. If any of the top five customers shall become unwilling or unable to make payments, the Group may be unable to recover significant amounts of trade receivables and its cash flows and financial position could be adversely affected.

Failure to make accurate estimation for submitting tenders for new projects could materially affect the Group's profitability

The majority of the projects undertaken by the Group were awarded on a project-by-project basis through tender process. The Group has to go through competitive tender process to secure new project works. The profitability of the Group's project depends on the price of its tender, which is determined based on the estimated costs to be incurred plus a mark-up. Cost management is critical in ensuring that the project meets its budgeted profit margin. The risk of cost overruns increases with the duration of a project due to possible increases in the price of materials and labour. In the preparation of the tender, the Group carries out internal costing and budgeting estimation of labour and supplies to determine tender price. The final price of a contract is determined at the time when the contract is awarded to the Group. Therefore, it is crucial to accurately estimate and control the costs of each project. During the Track Record Period, there were two loss-making completed fitting-out projects with the losses of approximately MOP11,000 and MOP314,000, respectively. Please refer to "Business – Loss-making fitting-out projects completed during the Track Record Period" in this prospectus for further details.

If a significant mark-up is added to the estimated costs, the Group's tender price may become less competitive. On the other hand, if the tender price of the project awarded to the Group is too low and the actual time and costs involved in completing the construction works exceeds its estimation at the time when the tender was submitted as a result of factors beyond its control such as shortage of labour, the Group's profitability may be materially and adversely affected if the Group is unable to pass such costs increase to its customers.

Inability to secure a stable supply of labour at affordable wages may materially affect the Group's operations and financial performance

The Group relies on foreign workers to carry out its fitting out and construction projects in Macau since there is a constant shortage of local construction workers. As at the Latest Practicable Date, more than half of the Group's workforce was made up of foreign staff (including direct workers). The Group is, nonetheless, subject to labour quota restrictions in relation to foreign workers imposed by the Macau Government and it may encounter difficulty in obtaining or renewing the necessary working permits and documentations for some or all of its foreign workers. Should the Group fail to recruit suitably skilled workers in Macau, its service capabilities and efficiency may be curtailed and its operations and financial performance may be adversely affected.

In addition, the labour costs in Macau has been increasing in the recent years. According to the Frost & Sullivan Report, the average daily wages of local construction workers' in Macau is relatively higher than the foreign construction workers in Macau. In 2015, the average daily wages in Macau for all fitting-out workers was around MOP774 while the same for local fitting-out workers was around MOP938. In the event that there is a significant increase in labour costs, the Group may not be able to complete its projects within budget and as such, the Group's business, financial conditions and results of operations may be adversely affected.

The Group may not be able to maintain or increase its success rate in obtaining projects tendered and quoted

For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the Group's success rate on fitting-out projects tendering was approximately 43.0%, 35.1%, 43.4% and 43.6%, respectively, while the success rate of its construction projects tendering was approximately 13.5%, 10.0%, 28.6% and 45.5%, respectively.

There are a number of factors in determining the success rate on project tendering, such as the number of invitations to tender in each year and the tenders submitted by the Group's competitors in each project. As the contracts awarded are on a project-by-project basis, the Group is required to submit a new tender to the same customer for each new project. There is a risk that the Group may not be awarded with new contracts by its customers upon the expiry of the contracts on hand and there is no assurance that the Group will be able to maintain or increase its success rate in obtaining projects tendered and quoted in the future. In the event that the Group is unable to maintain or increase its success rate on project tendering, the Group's revenue and business operations may be materially and adversely affected.

The Group's success depends significantly on the key management and its ability to attract and retain additional technical and management staff

The Group depends on the efforts and skills of its key management. For the profile of the Directors and senior management of the Group, please refer to the section headed "Directors and senior management" in this prospectus. As such, the future success of the Group depends significantly on the continuing service of these individuals and the loss of any executive Director or member of the senior management team could have a material adverse effect on the Group's business if it is unable to find suitable replacements in a timely manner.

The Group's success also depends on its ability to attract, identify, hire, train and retain additional technical and management staff with the requisite industry expertise. Competition for such personnel is intense, and any failure to recruit and retain the necessary personnel or the loss of a significant number of staff at any time could harm the Group's business and prospects.

Failure to receive progress payments on time and in full, or that retention money is not fully released to the Group after expiry of the defects liability period may affect the Group's liquidity position

The Group receives monthly progress payments with reference to the value of the works completed. Generally, the value of the works completed is assessed by the customer who will verify the Group's claims for progress payments and request the Group to issue an invoice for the amount of works completed. For further details of progress payments, please refer to the section headed "Business – Customers – Salient terms of fitting-out and construction contracts" in this prospectus. In addition, the Group's customers normally withhold 5% to 10% of the total contract sum as retention money. As at 31 December 2013, 2014 and 2015 and 31 July 2016, retention money held by the Group's customers amounted to approximately MOP1.8 million, MOP3.0 million, MOP12.2 million and MOP19.5 million, respectively.

There can be no assurance that such progress payments will be made on time or that such retention money will be timely released by the customers in the future. Any failure by the customers to make progress payments to the Group or release the retention money in a timely manner may have an adverse effect on the Group's liquidity position.

The cash flow of the Group may fluctuate due to the payment practice applied to its projects

The Group's projects may incur net cash outflows at the early stage of carrying out its works when the Group is required to pay the setting up expenditures, prior to payment received from its customers. The customers make progress payments after the works commence and such works and payments are generally certified by the Group's customers. However, the Group's customers normally withhold 5% to 10% of the total contract sum as retention money, which will only be fully released to the Group subsequent to the expiry of the defects liability period. Accordingly, the cash flows of a particular project normally turn from net outflows at the early stage into accumulative net inflows gradually as the works progress. Should the Group has more projects at the initial stage at any given point of time or retention money could not be released by the customers in a timely manner, the Group's corresponding cash flow position may be adversely affected.

Mismanagement or delay of the Group's projects will materially affect its reputation and financial performance

The Group's revenue is recognised based on the percentage of completion of each project at the relevant time, and billings are based on monthly progress claims. A delay in a project will therefore affect the Group's billings, revenue, operational cash flows and financial performance. A delay or cancellation of projects could also result in idle or excess manpower resources if replacement projects cannot be secured on a timely basis.

Delay in the project can be caused by various factors, such as shortage of manpower and materials, and other factors that are beyond the Group's control. In addition, there may be a lapse of time between the completion of existing projects and the commencement of subsequent projects which may adversely affect the Group's financial performance and financial position. If the delay is caused by the Group, it may be liable to pay liquidated damages to the Group's contracting parties as stipulated in the contracts and the Group's reputation and future business opportunities may be materially affected.

The Group may not be able to maintain its gross profit margins as the Group implement its business strategies to undertake larger scale projects in the future

During the Track Record Period, the gross profit margins of the Group were approximately 40.7%, 49.3%, 27.3% and 27.3%, respectively. The decrease was mainly because the Group undertook more large scale fitting-out projects (i.e. with revenue recognised over MOP20,000,000 for a financial year) recently. The Directors consider that the gross profit margin for the large scale fitting-out projects are generally lower than that of the lower scale fitting-out projects as the Group tends to lower the margin of such large scale fitting-out projects to increase competitiveness of the tender given the size of such contracts. As discussed in the section headed "Business – Business strategies" in this prospectus, the Group intends to undertake larger scale projects in terms of contract sum in the future. As such, there is no guarantee that the gross profit margins of the Group will be maintained in the future as the Group tends to lower the margin of such large scale fitting-out projects to increase competitiveness of the tender given the size of such contracts.

The future plans may not be implemented successfully which may adversely affect the Group's prospects. Moreover, subsequent to the Listing, additional administrative expenses may be incurred to implement such future plans and to maintain the listing status of the Company which may affect the Group's profitability

The Group's future plans comprise undertaking more fitting-out projects and construction projects of larger scale in Macau, hiring additional staff for the Group's business operation and expanding into the Hong Kong fitting-out market. Details of the Group's future plans are described in the section headed "Future plans and use of proceeds" in this prospectus. Such future plans are based on current intentions and assumptions. The future plans may be hindered by other factors beyond the Group's control, such as the general market conditions, the government policies relevant to fitting-out or construction industry in Macau, the Group's ability to maintain existing competitive advantages, the new market entrants and general economic market conditions of Hong Kong as well as government policies relevant to fitting-out industry in Hong Kong. There is no assurance that the Group's future plans can be successfully implemented. Should there be any material adverse change in the operating environment that lead to the failure by the Group to implement any part of the future plans, the Group's prospects may be adversely affected.

Moreover, subsequent to the Listing, the Group may incur additional administrative expenses for the implementation of the future plans, such as the start-up costs of the Group's fitting-out business in Hong Kong, including rental payments for office, renovation costs, operating expenses, costs for recruiting new staff and miscellaneous costs such as marketing and transportation expenses. Also, addition costs will be incurred to maintain the listing status of the Company. For instance, professional fees may increase as the Group may seek professional advice more frequently. As such, there is no assurance that the Group's profitability will be maintained.

The Group's revenue was derived from the operations in Macau and Hong Kong and any downturn in the Macau and Hong Kong markets will affect the Group's financial performance

During the Track Record Period, the revenue of the Group was derived solely from the operations in Macau. Subsequent to the Track Record Period, the Group has commenced to provide services of fitting-out works in Hong Kong. Any unforeseen circumstances, such as natural disasters, economic recession, outbreak of an epidemic and any other incidents happening in Macau and Hong Kong may adversely affect the Group's business, prospects, financial conditions and results of operations.

The Group provides fitting-out services mainly for hotel and casino developers and owners, international retailers and restaurant owners in Macau while the Group provides construction services primarily for land owners in Macau and the Macau Government, of which the Group's fitting-out services made up approximately 83.7%, 90.6%, 98.3% and 98.5% of the total revenue for the three financial years ended 31 December 2015 and the seven months ended 31 July 2016, respectively. Therefore, the Group is dependent on the economic growth in Macau, in particular, the growth in gaming industry and retail industry. Any downturn in the economy of Macau, in particular the gaming industry and retail industry, is likely to have an adverse impact on the Group's business and profitability due to the possibility of postponement, delay or cancellation of fitting-out or construction projects and delay in recovery of receivables.

Unsatisfactory performance by the subcontractors or unavailability of subcontractors may adversely affect the Group's operations and profitability

Depending on the availability of the Group's resources level, cost effectiveness and the complexity of the project, the Group would subcontract certain activities in the project to other subcontractors in Macau. In selecting subcontractors for a project, the Group will evaluate them based on their technical capability, job reference, pricing competitiveness, labour resources and past safety performance. During the Track Record Period, subcontracting fees incurred by the Group amounted to approximately MOP14.5 million, MOP29.8 million, MOP51.3 million and MOP39.2 million, respectively.

However, there is no assurance that the work quality of the subcontractors can always meet the Group's requirements and there is no assurance that the Group will always be able to secure suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. In such event, the Group's operation and financial position may be adversely affected.

The Group may be liable for any defects in its projects

The Group provides a defects liability period typically ranging from 2 to 12 months for its fitting-out projects and from 6 to 24 months for its construction projects from the date of practical completion, during which the Group is responsible to rectify work defects. For further details, please refer to the section headed "Business – Customers – Salient terms of fitting-out and construction contracts" in this prospectus. If any aspects of the projects completed by the Group are found to be defective during the defects liability period, the Group would be responsible to rectify the defects or request the suppliers or subcontractors to do so. If the Group is required to rectify defects during the defects liability period which might result in substantial costs being borne by the Group, the profitability of the relevant project will be reduced.

The Group is exposed to non-compliance, disputes, claims or litigations

During the Track Record Period, the Group was involved in certain non-compliance incidents, details of which are set out in the section headed "Business – Non-compliance" in this prospectus. In addition, the Group's operation is also subject to relevant applicable laws, rules and regulations. Please refer to the section headed "Regulatory overview" in this prospectus for further details. In the event that the Group fails or continues to fail to comply with such laws, rules and regulations, the Group may be liable to prosecution or fines, which may lead to the Group's inability to maintain and/or renew its registration with DSSOPT and hence the Group's operation may be materially affected.

Furthermore, during the Track Record Period and as at the Latest Practicable Date, the Group was involved in two civil litigation claims, details of which are set out in the section headed "Business – Litigation" in this prospectus. There is no assurance that the Group may also be subject to claims in respect of various matters from the customers, suppliers, subcontractors, workers and other parties concerned with the projects from time to time. Such claims may include claims for compensation due to late completion of works or delivery of substandard works, disputes relating to late or insufficient payment and claims in respect of personal injuries and labour compensation in relation to works. Any of such claims may cause the Group to incur material costs or losses hence may materially and adversely affect the Group's business, financial condition and results of operations.

Failure to comply with safety measures and procedures on worksites may lead to accidents and hence occurrence of personal injuries, property damage or fatal accidents

Due to the nature of the Group's business, the Group cannot guarantee that third parties or workers at the worksites will comply with the safety measures and procedures during the execution of works. During the Track Record Period, there were accidents occurred at the worksites where the Group's projects were taken place, details of which are set out in the section headed "Business – Occupational health and safety" in this prospectus. Accidents or mishaps may occur at the worksites even though the Group has put in place certain safety measures. Any non-compliance with safety measures may result in occurrences of serious personal injuries, property damage or fatal accidents, which may lead to interruption of the Group's operations and adversely affect the Group's financial conditions and results of operations to the extent that these mishaps are not covered by insurance policies.

There can be no assurance that there will not be any violations of rules, laws or regulations or breach of safety measures and procedures imposed by the Group on the part of the subcontractors. In the event that the Group's subcontractors fail to implement safety measures at the worksites and personal injuries, property damage or fatal accidents occur, litigation may arise which will adversely affect the Group's reputation and financial position.

The Group's insurance coverage may not be sufficient to cover all losses or potential claims which could affect the Group's business and results of operations

The Group maintains insurance policies for employee's compensation and third party liabilities on a project-by-project basis. There is no assurance that the current levels of insurance maintained by the Group are sufficient to cover all potential risks and losses. The coverage may not be sufficient and the Group may still be liable for losses or potential claims which are not insured adequately or at all. Should any significant property damage or personal injury occur in the worksites or to the employees due to accidents, natural disasters, or similar events which are not wholly or sufficiently covered by insurance, the Group's business may be adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss.

In addition, the insurers will review the policies each year and there is no guarantee that the Group can renew the policies on similar or other acceptable terms or at all. If the Group incurs unexpected losses or losses that far exceed the policy limits, the Group's business, financial position, results of operations and prospects may be materially and adversely affected.

Dividends declared in the past may not be indicative of the dividend policy in the future

A member of the Group declared dividends of MOP10,300,000 during the year ended 31 December 2014 and MOP70,000,000 during the seven months ended 31 July 2016, respectively, which have been settled and financed by the Group's internal resources. Any declaration of dividends proposed by the Directors and the amount of any such dividends will depend on various factors, such as the results of operations, financial condition, future prospects and other factors which the Directors may determine are important. For further details of the dividend policy of the Company, please refer to the section headed "Financial information – Dividends" in this prospectus. The Group cannot guarantee if and when dividends will be declared in the future.

RISKS RELATING TO THE INDUSTRY IN MACAU

The Group's business is highly competitive as the entry barriers of the fitting-out business in Macau is low

According to the Frost & Sullivan Report, the entry barriers of the fitting-out industry in Macau are (i) reputation and business relationship with various parties; (ii) professional industry experience and (iii) reliable material suppliers. New participants may enter the industry if they have the appropriate skills, local experience, necessary machinery and equipment, capital and requisite registrations granted by the relevant regulatory bodies. The Group may face competition from other existing and/or new contractors in the tender process for fitting-out contracts and construction contracts. Failure to compete effectively or maintain the Group's competitiveness may result in lower operating margins and loss of market share, resulting in an adverse impact on the Group's profitability and operating results.

Inability to obtain and/or renew registration or comply with requirements or changes in relevant rules and regulations governing the fitting-out industry or construction industry in Macau could materially affect the Group's business, operations and financial performance

Any company that wishes to carry out interior fitting-out works or construction works in Macau has to be registered with DSSOPT as a contractor or a subcontractor. In particular, the Group has to be registered with DSSOPT in order to carry out fitting-out business. Please refer to the section headed "Regulatory overview" in this prospectus for further details. In the event the Group fails to obtain and/or renew the registration for the Group's fitting-out and construction business, the Group's operations and financial performance may be adversely impacted. Further, in the event that there are any material changes in the existing regulatory regime that governs the fitting-out industry or construction industry in Macau, the Group may incur additional costs in complying with the new requirements or may not be able to meet such requirements at all, which may result in regulatory non-compliances and in turn materially and adversely affect the Group's business and operations.

The Group is dependent on market conditions and trends in the fitting-out industry in Macau which may change adversely

Majority of the Group's operations and management are currently located in Macau. The future growth and level of profitability of the fitting-out industry in Macau are likely to depend primarily upon the continued availability of major construction projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors, in particular, the Macau Government's spending patterns on the construction and fitting-out industry in Macau, the investment of property developers and land owners and the general conditions and prospects of Macau's economy. These factors may affect the availability of fitting-out projects from the public sector, private sector or institutional bodies.

Apart from the public spending of the Macau Government, there are numerous factors affecting the fitting-out industry, including cyclical trends in the economy as a whole, fluctuations in interest rates and the availability of new projects in the private sector. Should there be a recurrence of recession in Macau, deflation or any changes in Macau's currency policy, or should the demand for fitting-out works in Macau deteriorate, the Group's operations and profits could be adversely affected.

RISKS RELATING TO MACAU

Conducting business in Macau involves certain political risks

Conducting business in Macau involves certain risks not typically associated with investments in companies based and operated mainly in Hong Kong, such as risks relating to changes in Macau governmental policies, changes in Macau laws or regulations or their interpretation, changes in exchange control regulations, potential restrictions on foreign investment and repatriation of capital, measures that may be introduced to control inflation, such as interest rate increases, and changes in the rates or method of taxation. In addition, the Group's operations in Macau are exposed to the risk of changes in laws and policies that govern operations of Macau based companies. In the event that there is a downturn in the economy of Macau or there are changes in laws and policies governing the Group's business, the Group's business operation and hence financial results and financial position may be severely affected.

RISKS RELATING TO FITTING-OUT INDUSTRY IN HONG KONG AND RISKS RELATING TO HONG KONG

As detailed in the section headed "Business – Business strategies" in this prospectus, the Group intends to expand its market coverage to the fitting-out industry in Hong Kong. The Group may operate business in Hong Kong and hence the business and financial condition and prospects of the Group may also be subject to risks of fitting-out industry in Hong Kong as well as risks of economic, political and legal development of Hong Kong.

Carrying out fitting-out business in Hong Kong is subject to the compliance of applicable laws, regulations and requirements. The Group's business and financial conditions may suffer if the Group fails to comply or does not respond effectively to changes in regulatory and industry standards

In order to conduct fitting-out business in Hong Kong, the Group is required to comply with different licensing, construction, safety, environmental protection laws, regulations and requirements as detailed in the section headed "Regulatory overview" in this prospectus. In the event that the Group fails to meet the applicable licensing, construction, safety, environmental protection laws, regulations and requirements, the Group may be subject to fines or required to make remedial measures which in turn may have an adverse impact on the operations and financial conditions of the Group. Further, in the event that there is change in applicable laws, regulations and requirements in Hong Kong in the future, the Group may incur additional costs in complying with such new laws, regulations and requirements, which may in turn affect the profitability of the Group.

The Group's plan to develop fitting-out business in Hong Kong is subject to the development of the fitting-out industry in Hong Kong and outlook of Hong Kong economy. Any downturn in the fitting-out industry and general economic conditions in Hong Kong may affect the success of the business plan of the Group

As the Group intends to develop fitting-out business in Hong Kong, the Group's performance in Hong Kong will depend on the development of fitting-out industry in Hong Kong as well as the state of economy in Hong Kong. In the event that (i) there is change in development of fitting-out industry in Hong Kong and the Group could not respond successfully to the changes and/or (ii) any downturn in the economy of Hong Kong, the Group's result of operations and financial position may be adversely affected.

Conducting business in Hong Kong involves certain political risks

Hong Kong is a special administrative region of the PRC and enjoys a high level of autonomy under the principle of "one country, two systems" according to the Basic Law of Hong Kong. However, there is no assurance that the implementation of the "one country, two systems" principle and the level of autonomy as currently in place at the moment will be maintained in the future. Since it is the present intention of the Group to develop fitting-out business in Hong Kong, any change of such political arrangements may post immediate threat on the stability of the economy in Hong Kong, thereby directly and negatively affecting the results of operations and financial positions of the Group.

RISKS RELATING TO THE SHARE OFFER AND THE SHARES

There has not been any prior public market for the Shares and an active trading market may not develop

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Share Offer, there has been no public market for the Shares. The Offer Price was the result of negotiation between the Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), and the Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Share Offer. In addition, there is no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Share Offer, or that the trading price of the Shares will not decline below the Offer Price.

The trading price of the Shares may also be subject to significant volatility in response to, among others, the following factors:

- variations in the Group's operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by the Group or its competitors;

- changes in investors' perception of the Group and the investment environment generally;

- developments of the fitting-out industry and construction industry in Macau;

- developments of the fitting-out industry in Hong Kong;

- changes in pricing made by the Group or the competitors;

- the liquidity of the market for the Shares; and

- general economic environment and other factors.

Shareholders' interests may be diluted as a result of additional equity fund-raising or additional Shares are issued by the Group in the future

The Group may need to raise additional funds in the future to finance further expansion of its business. If additional funds are raised through the issuance of new equity or equity-linked securities of the Group other than on a pro rata basis to existing Shareholders, the percentage of ownership of such Shareholders in the Company may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by the Shares.

In addition, the Group may issue additional Shares upon exercise of options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

The trading volume and share price of the Shares may fluctuate. Further, any disposal of a substantial number of the Shares by the Controlling Shareholders in the public market could adversely affect the market price of the Shares

The price and trading volume of the Shares may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flow, announcements of business development, strategic alliances or acquisitions, new projects, industrial or environmental accidents suffered by the Group, loss of key personnel, changes in ratings by financial analysts and credit rating agencies or litigation could cause large and sudden changes in the volume and price at which the Shares will trade. In addition, the Stock Exchange and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of the Shares.

Further, there is no assurance that the Controlling Shareholders will not dispose of, in part or in whole of, their Shares following the expiration of their respective lock-up periods after the Listing. The Group cannot predict the effect, if any, of any future sales of the Shares by any of the Controlling Shareholders may have on the market price of the Shares. The sales of the Shares by any of the Controlling Shareholders may materially and adversely affect the prevailing market price of the Shares.

You may face difficulties in protecting your interests under Cayman Islands laws

The Company's corporate affairs are governed by, among others, the Articles of Association, the Companies Law and common law of the Cayman Islands. The rights of the Shareholders to take action against the Directors, actions by minority Shareholders and the fiduciary responsibilities of the Directors to the Company are to a large extent governed by the common law of the Cayman Islands and the Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Please refer to the appendix headed "Summary of the constitution of the Company and Cayman Islands company law" in Appendix V to this prospectus.

RISKS RELATING TO THIS PROSPECTUS

Investors should not place undue reliance on facts, statistics and data contained in this prospectus with respect to the economies and the industry

Certain facts, statistics and data in this prospectus are derived from various sources including various official government sources that the Group believes to be reliable and appropriate for such information. However, the Group cannot guarantee the quality or reliability of such source materials and the Group has no reason to believe that such information is false or misleading or that any fact has been omitted rendering such information false or misleading. Whilst the Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by the Group, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters or any of their respective directors, affiliates or advisers and therefore, none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire prospectus and the Group strongly cautions you not to place any reliance on any information contained in press articles, other media and/or research reports regarding the Group, its business, its industry and the Share Offer

There may be press and media coverage regarding the Group or the Share Offer, which may include certain events, financial information, financial projections and other information about the Group that do not appear in this prospectus. The Group has not authorised the disclosure of any other information not contained in this prospectus. The Group does not accept any responsibility for any such press or media coverage and makes no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus and the Application Forms, the Group disclaims responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase the Shares, you should rely only on the financial, operational and other information included in this prospectus and the Application Forms.

The Group's future results could differ materially from those expressed or implied by the forward-looking statements

Included in this prospectus are various forward-looking statements that are based on various assumptions. The Group's future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed "Forward-looking statements" in this prospectus.

ACCOUNTANTS' REPORT

It is stated in Rule 4.04(1) of the Listing Rules that "in the case of a new applicant the accountants' report must include the results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Stock Exchange".

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in this prospectus a statement as to its gross trading income or its sales turnover (as may be appropriate) during each of the three financial years immediately preceding the issue of this prospectus.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in this prospectus a report by the auditors of the Company with respect to (a) the profits and losses of the Company; and (b) the assets and liabilities of the Company for each of the three financial years immediately preceding the issue of this prospectus.

The Company's financial year end dates are on 31 December. The accountants' report of the Company set out in Appendix I to this prospectus is currently prepared to cover the three full financial years ended 31 December 2015 and the seven months ended 31 July 2016.

As such, the Sponsor has applied on behalf of the Company to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 4.04(1) of the Listing Rules on the following conditions:

(a) the Company issues this prospectus by 31 January 2017 and lists on the Stock Exchange on or before 31 March 2017;

(b) the Company obtains a certificate of exemption from the SFC from similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(c) this prospectus includes a profit estimate for the year ended 31 December 2016 which complies with Rules 11.17 to 11.19 of the Listing Rules; and

(d) a Directors' statement that save as the Listing expenses, there is no material adverse change to the Group's financial and trading positions or prospect with specific reference to the trading results from 1 August 2016 to 31 December 2016 shall be included in this prospectus.

Further, an application has been made to the SFC for a certificate of exemption from compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance about the inclusion of the accountants' report covering the full year ended 31 December 2016 in this prospectus on the ground that it would be unduly burdensome for the Group's consolidated results for the financial year ended 31 December 2016 to be finalised within a short period of time.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with the requirements of paragraphs 27 and 31 on the conditions that (a) particulars of the exemption are set out in this prospectus; and (b) this prospectus will be issued on or before 27 January 2017.

The Directors consider that the waiver and the exemption as mentioned above would not prejudice the interests of the investing public on the following grounds:

(a) after performing sufficient due diligence on the Group and after conducting all due enquiries, they are not aware of any event since 31 July 2016 which would adversely and materially affect the information shown in the accountants' report set forth in Appendix I to this prospectus and other financial information set forth in this prospectus;

(b) save as the Listing expenses, there has been no material adverse change in the financial and trading positions or prospects of the Group from 31 July 2016 to 31 December 2016; and

(c) the inclusion of financials for the three financial years ended 31 December 2015 and the seven months ended 31 July 2016 in this prospectus includes all information as may be reasonably necessary to enable the investors to make an informed assessment of the activities, assets and liabilities and financial position of the Group.

The Directors confirmed that all information necessary for the public to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Group has been included in this prospectus and as such, the waiver granted by the Stock Exchange from compliance with Rule 4.04(1) of the Listing Rules and the exemption granted by the SFC from compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will not prejudice the interests of the investing public. The Directors and the Sponsor confirmed that after performing all due diligence work, up to the date of this prospectus, there has been no material adverse change in the financial and trading positions or prospects of the Group from 31 July 2016 to 31 December 2016 and there is no event since 31 July 2016 which would materially affect the information shown in the accountants' report set out in Appendix I to this prospectus. The Company will comply with Rules 13.46(2) and 13.49(1) of the Listing Rules in respect of the requirements for publication of annual results and annual report for the year ended 31 December 2016.

A profit estimate for the year ended 31 December 2016 which complies with Rules 11.17 to 11.19 of the Listing Rules is included in Appendix III to this prospectus.

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. As the operations of the Group are located in Macau, the Company will not, after the Listing or in the foreseeable future, have sufficient management presence in Hong Kong. The Sponsor has applied on behalf of the Company to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules.

In order to ensure that regular communication is maintained between the Stock Exchange and the Company, it is proposed that the following conditions will apply to the waiver sought:

(a) the Company has appointed two authorised representatives, namely Mr. Harry Lai and Mr. Fung Kar Fai, pursuant to Rule 3.05 of the Listing Rules, who will act as the principal channel of communication with the Stock Exchange;

(b) the authorised representatives of the Company have the mobile phone number, office phone number, email address and facsimile number of all the Directors and can contact all the Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matter;

(c) each of the Directors who is not ordinarily resident in Hong Kong possesses valid travel documents and has free access to Hong Kong and can meet with the Stock Exchange within a reasonable period of time;

(d) the Company has appointed Messis Capital as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing

Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The compliance adviser of the Company will act as an additional channel of communication with the Stock Exchange; and

(e) each of the Directors will provide his/her mobile phone number, office phone number, email address and facsimile number to the Stock Exchange to ensure that he/she will be readily contactable as and when necessary to deal promptly with enquiries from the Stock Exchange.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company has entered into certain transactions which are expected to continue after the Listing and will constitute non-exempt continuing connected transactions for the Company under the Listing Rules upon the Listing. The Sponsor has applied on behalf of the Company to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with announcement, circular and shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of such non-exempt continuing connected transactions. The Directors have confirmed that apart from announcement, circular and shareholders' approval requirements of which the waiver is sought, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules after the Listing.

Further information on such waiver is set out in the section headed "Connected transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the 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 purpose of giving information with regard to the Company. The 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 in this prospectus misleading.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms contain the terms and conditions of the Public Offer.

The Listing is sponsored by the Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and the Placing is expected to be fully underwritten by the Placing Underwriters pursuant to the Placing Underwriting Agreement. The Share Offer is managed by the Joint Lead Managers.

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 the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other parties involved in the Share Offer.

RESTRICTIONS ON SALE OF THE OFFER SHARES

Each person acquiring the Offer Shares under the Share Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offer of the Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Offer Shares, or the distribution of this prospectus and the Application Forms in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, 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 distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or an exemption therefrom.

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and the Offer Shares to be issued pursuant to the Share Offer (including the additional Shares which may be issued under the Capitalisation Issue and any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme).

No part of the share or loan capital of the Company is listed, traded or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought in the near future.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All Offer Shares issued pursuant to applications made in the Share Offer will be registered on the Hong Kong branch register of members to be maintained by Tricor Investor Services Limited. Dealings in the Shares registered on the Company’s branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. Dealings in the Shares registered on the principal register of members of the Company maintained by Estera Trust (Cayman) Limited in the Cayman Islands will not be subject to the Cayman Islands stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of the Company, the Directors, the Sole Bookrunner, the Joint Lead Managers, the Sponsor, the Underwriters, their respective directors, agents or advisers or any other person involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Offer Shares or the exercise of their rights thereunder.

STRUCTURE AND CONDITIONS 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.

PROCEDURES FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for applying for the Public Offer Shares is set out in the section headed "How to apply for Public Offer Shares" in this prospectus and on the related Application Forms.

OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares and the Company's compliance 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 Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional adviser.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on or about Friday, 10 February 2017. The Shares will be traded in board lots of 2,000 Shares each.

CURRENCY TRANSLATION

Unless otherwise specified, translations of HK$ into MOP in this prospectus are based on the exchange rate set out below (for the purpose of illustration only):

HK$1.00 : MOP1.03

No representation is made that any amounts in MOP and HK$ can be or could have been converted at the relevant dates at the above exchange rate or any other rates.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translation, the Chinese names shall prevail.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. LAI Ieng Man (黎英萬)	Em Macau Rua Do Chunambeiro No. 24 Fung King Garden 3 Andar D Macau	Chinese
Mr. LAI Meng San (黎鳴山)	Beco Do Marinheiro No. 27 Edf. King Tak 1-Andar Macau	Chinese
Ms. LAI Ieng Wai (黎盈惠)	Rua Cidade Lisboa No. 70-94 Edf. Lisboa Gnd-fu Keng Toi 2/C Taipa Macau	Chinese
Ms. CHEONG Weng Si (張穎思)	Beco Do Marinheiro No. 27 Edf. King Tak 1-Andar Macau	Chinese
Independent non-executive Directors		
Mr. CHAN Chun Sing (陳振聲)	Flat D, 25/F., Yuan Kung Mansion Taikoo Shing Hong Kong	Chinese
Mr. CHAN Iok Chun (陳玉泉)	Av. Da Praia Grande No. 237, Edf. Tak Va 5 Andar-B Macau	Chinese
Mr. MAK Heng Ip (麥興業)	Rua Da Doca Seca S/N The Praia, Bloco 1, 33-AND-E Macau	Chinese

Please refer to the section headed "Directors and senior management" in this prospectus for further details.

PARTIES INVOLVED

Sponsor

Messis Capital Limited
A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Room 1606, 16th Floor, Tower 2
Admiralty Centre
18 Harcourt Road
Hong Kong

Sole Bookrunner

Celestial Securities Limited
A licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO
9th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Joint Lead Managers, Public Offer Underwriters and Placing Underwriters

Celestial Securities Limited
A licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO
9th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Hooray Securities Limited
A licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO
1/F.
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Legal advisers to the Company	*As to Hong Kong law:* **Loeb & Loeb LLP** *Solicitors, Hong Kong* 21st Floor CCB Tower 3 Connaught Road Central Hong Kong *As to Macau law:* **FCLAW Lawyers & Private Notaries** *Macau lawyers* Avenida de Almeida Ribeiro nº 61, Edifício Circle Square 13º B-E Macau *As to Cayman Islands law:* **Appleby** *Legal advisers as to Cayman Islands law* 2206-19 Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters	*As to Hong Kong law:* **Vincent T.K. Cheung, Yap & Co.** *Solicitors, Hong Kong* 11/F., Central Building 1-3 Pedder Street Central Hong Kong *As to Macau law:* **Chio Tak Wo, Advogado** *Macau lawyers* Avenida do Dr. Rodrigo Rodrigues No. 600E, Edificio Centro Comercial First Nacional 21 Andar, Apt. 2106-2017 Macau

Auditor and reporting accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F., One Pacific Place 88 Queensway Hong Kong
Macau tax advisers	**Keng Ou CPAs** Av. Praia Grande, No.367-371 Keng Ou Commercial Building 17th Floor Macau
Industry consultant	**Frost & Sullivan Limited** Unit 08, 26/F. No. 9 Queen's Road Central Hong Kong
Property valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 6/F., Three Pacific Place 1 Queen's Road East Hong Kong
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered office	P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters in Macau	Unit C, 9/F. Industrial Tong Lei Nos. 16A-16D Avenida do Almirante Lacerda Macau
Principal place of business in Hong Kong	Unit 501, 5/F. The L.Plaza Nos. 367-375 Queen's Road Central Hong Kong
Company's website	www.lai-si.com (information of this website do not form part of this prospectus)
Company secretary	**Mr. FUNG Kar Fai** *Certified Public Accountant* Flat B3, 5/F. Block B, Kwong Chiu Terrace 6 Fortress Hill Road Hong Kong
Authorised representatives	**Mr. LAI Meng San** Beco Do Marinheiro No. 27 Edf. King Tak 1-Andar Macau **Mr. FUNG Kar Fai** *Certified Public Accountant* Flat B3, 5/F. Block B, Kwong Chiu Terrace 6 Fortress Hill Road Hong Kong

Audit Committee	Mr. CHAN Chun Sing *(Chairman)* Mr. CHAN Iok Chun Mr. MAK Heng Ip
Remuneration Committee	Mr. MAK Heng Ip *(Chairman)* Mr. LAI Ieng Man Mr. LAI Meng San Mr. CHAN Chun Sing Mr. CHAN Iok Chun
Nomination Committee	Mr. LAI Ieng Man *(Chairman)* Ms. LAI Ieng Wai Mr. CHAN Chun Sing Mr. CHAN Iok Chun Mr. MAK Heng Ip
Cayman Islands principal share registrar and transfer office	**Estera Trust (Cayman) Limited** P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong Branch Share Registrar	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	**Bank of China Macau Branch** Bank of China Building Avenida Doutor Mario Soares Macau **Tai Fung Bank Limited** 418, Alameda Dr. Carlos d'Assumpção Macau **OCBC Wing Hang Bank Limited** 241 Avenida de Almeida Ribeiro Macau

Compliance adviser	**Messis Capital Limited** *A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO* Room 1606, 16th Floor, Tower 2 Admiralty Centre 18 Harcourt Road Hong Kong

This and other sections of this prospectus contain information relating to the industry in which the Group operates. Certain information and statistics contained in this section have been derived from various official and publicly available sources. In addition, certain information and statistics set forth in this section have been extracted from a market research report commissioned by the Company and prepared by Frost & Sullivan, an independent market research agency. The Directors believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information and statistics. The Company and the Sponsor have no reason to believe that such information or statistics is false or misleading in any material respect of that any fact has been omitted that would render such information or statistics false or misleading in any material respect. However, such information and statistics have not been independently verified by the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, any of the Underwriters, their respective directors and officers or any other parties involved in the Share Offer. No representation is given as to the accuracy or completeness of such information and statistics.

SOURCES OF INFORMATION

The Group has commissioned Frost & Sullivan, an independent market research agency which provides market research consultancy services, to conduct a detailed analysis of the fitting-out industry in Macau and Hong Kong at a fee of HK$420,000. Founded in 1961, Frost & Sullivan is a global research and consulting organisation and it has 45 offices around the world.

The information and analyses contained in the Frost & Sullivan Report are adopted by multi-sources methodologies which include (i) primary research via in-depth telephone conversations and face-to-face interviews with industry participants; and (ii) secondary research by reviewing industry literatures, annual reports, trade journals, market database and Frost & Sullivan's own research. Information gathered by Frost & Sullivan has been analysed, assessed and validated using Frost & Sullivan's in-house analysis system and techniques. All statistics are based on information available as of the issue date of the Frost & Sullivan Report. Other sources of information, including government, trade associations or marketplace participants, may have provided some of the information on which the analysis or data is based. The information and statistics as set forth in this section have been extracted from the Frost & Sullivan Report.

Analysis in the Frost & Sullivan Report are based on the following assumptions:

(i) there is no external shock such as financial crisis or natural disasters to affect the demand for and the supply of fitting-out works in Macau and Hong Kong over the forecast period; and

(ii) the key drivers of the industry are likely to continue to affect the market over the forecast period.

Forecast models and figures in the Frost & Sullivan Report are based on the following assumptions:

(i) nominal GDP value and growth rate in Macau and Hong Kong from 2010 to 2020;

(ii) gross value of construction work and other receipts and gross number of completed construction projects in Macau and Hong Kong from 2010 to 2020;

(iii) market sizes of the overall fitting-out industry and the commercial fitting-out segment in Macau and Hong Kong from 2010 to 2020;

(iv) average price of fitting-out projects in Macau from 2010 to 2020; and

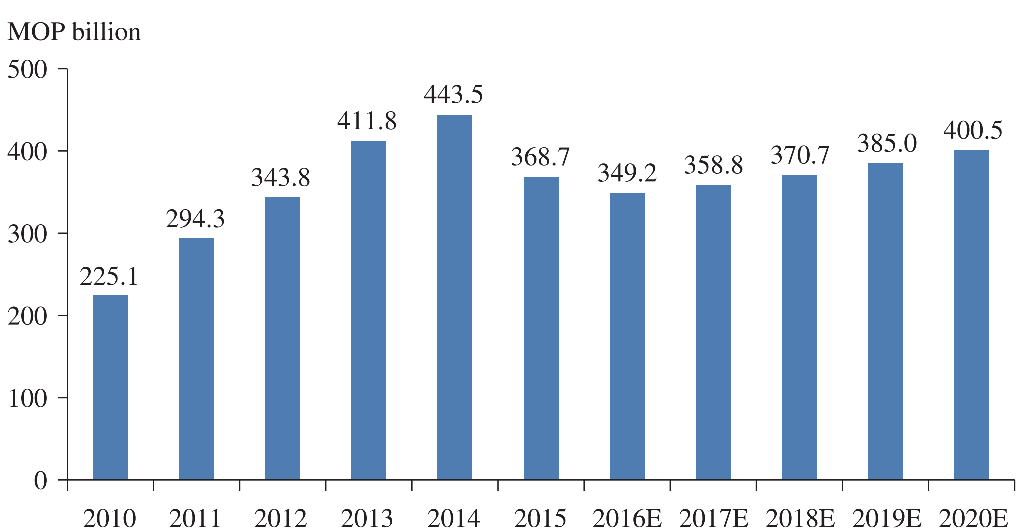
(v) value of alteration and addition works and other receipts in Macau from 2010 to 2020.

MACAU FITTING-OUT MARKET

The construction industry in Macau

Macau's nominal GDP had a remarkable increase from approximately MOP225.1 billion in 2010 to approximately MOP443.5 billion in 2014 due to the strong growth in the gaming and tourism industries. In 2015, because of the anti-corruption policy of PRC Government, the number of gambling and tourism customers from the PRC decreased which led to a decline in GDP. However, it is expected that the Macau economy will recover and the nominal GDP will have a relatively stable growth at a CAGR of approximately 1.7% from 2015 to 2020.

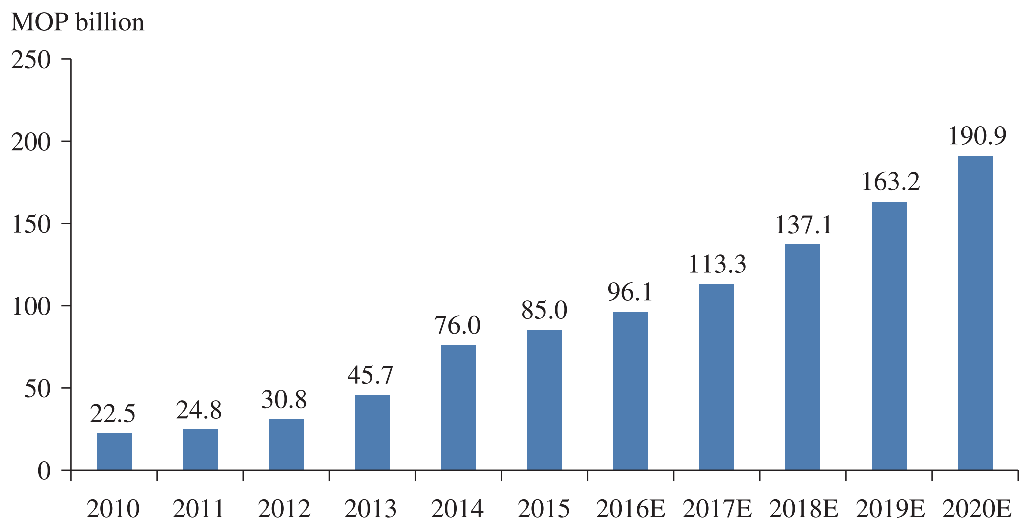
Nominal GDP of Macau



Source: International Monetary Fund (IMF), Frost & Sullivan

Benefited from the growth in tourism and gaming industries, there was a strong demand for the construction work in Macau from 2010 to 2015. The gross value of construction work increased from approximately MOP22.5 billion in 2010 to approximately MOP85.0 billion in 2015, demonstrating a CAGR of approximately 30.5%.

Value of construction work and other receipts in Macau

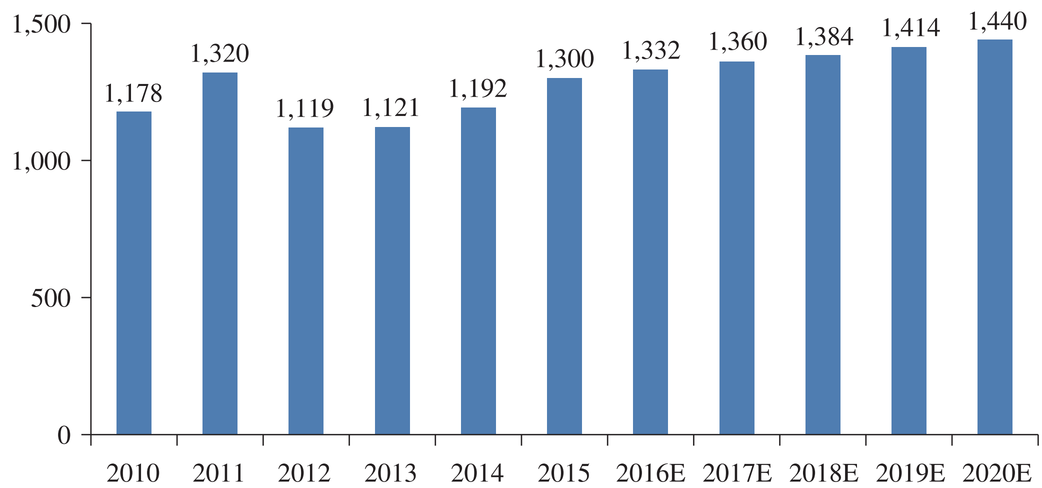


Source: Statistics and Census Service (DSEC) of the Macau Government, Frost & Sullivan

Starting from 2015, Macau's gaming industry has been experiencing a downturn while the tourism industry has maintained its growth with the support of promotional campaigns and related policies. The completion of the Hong Kong – Zhuhai – Macau Bridge in the coming years is expected to help in promoting the tourism in Macau, which is anticipated to drive the demand for hotels, shopping malls and casinos. It is expected that the construction market of Macau will increase to approximately MOP190.9 billion in 2020 at a slower CAGR of approximately 17.6% from 2015.

Since 2012, lots of large scale projects, including buildings of hotels and casinos, have been taking place. In the meantime, the number of small scale projects, such as maintenance and renovation of old buildings, were on decrease. This trend increased the size and scale of the projects but decreased the number of projects. This is the reason why the number of projects in 2015 is lower than that in 2011. Taking the factor of large scale projects into consideration, the number of projects, especially the sizeable ones, increased again from 2012 to 2015, due to the rapid growth in tourism and gaming industries.

Number of projects completed in Macau

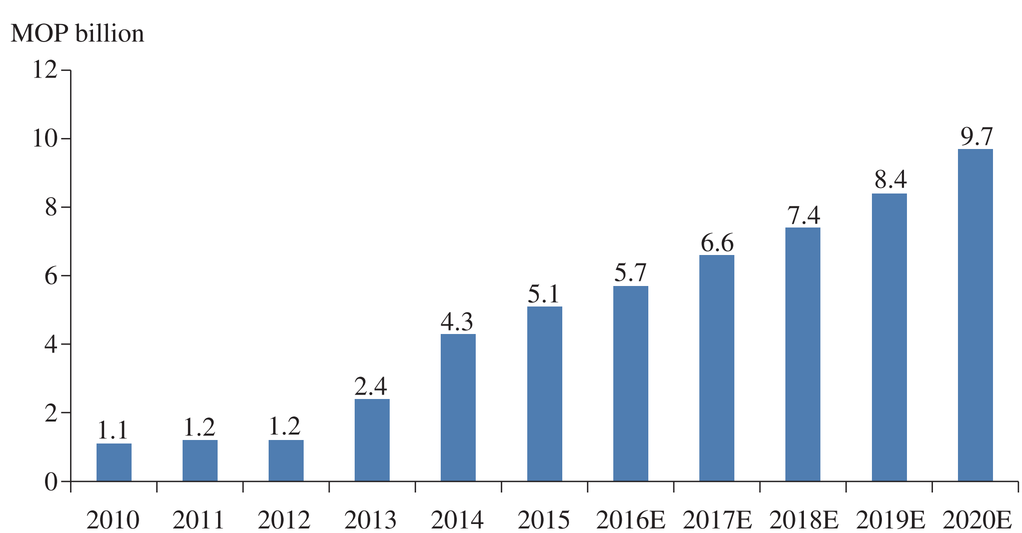


Source: Statistics and Census Service (DSEC) of the Macau Government, Frost & Sullivan

With the stable growth of tourism, the demand for casino, shopping mall and hotel is expected to increase, giving impetus to the large scale construction projects. It is expected that the number of construction projects will enjoy a stable growth, from approximately 1,300 in 2015 to approximately 1,440 in 2020, at a CAGR of approximately 2.1%.

Moreover, more international retail brands moved into Macau which also provided business opportunities for alteration and addition contractors. As a result, the revenue of alteration and addition industry in Macau increased from approximately MOP1.1 billion in 2010 to approximately MOP5.1 billion in 2015, representing a CAGR of approximately 35.9%.

Value of alteration and addition works and other receipts in Macau



Source: Statistics and Census Service (DSEC) of the Macau Government, Frost & Sullivan

It is expected that the value of alteration and addition works and other receipts in Macau will slightly increase from approximately MOP5.1 billion in 2015 to approximately MOP9.7 billion in 2020 due to the expected high demand of renovation works of hotels, casinos and shopping malls, as well as the increasing requirements for residential units.

Raw materials of construction industry, including aggregates, sand, concrete, wood and paint, experienced an increase in the average price from 2010 to 2015, primarily due to the continued growth in the property market and construction industry in Macau. Among all materials, the price of concrete recorded the highest growth with a CAGR of approximately 20.2% from 2010 to 2015, followed by sand price with a CAGR of approximately 19.2% in the same period. As the most commonly used materials in construction market, sand and concrete had a high increase rate mainly attributed to the growth of the prices of construction market from 2010 to 2015.

Approximate price of major raw materials in Macau

Raw materials	Unit	2010	2011	2012	2013	2014	2015	2020E	CAGR 2010-2015	CAGR 2015-2020E
Concrete	MOP/m^3	310.5	369.8	444.0	544.0	666.0	779.3	1,379.4	20.2%	12.1%
Sand	MOP/m^3	82.0	92.6	119.0	135.4	154.0	197.5	376.9	19.2%	13.8%
Emulsion paint	MOP/litre	24.7	25.7	26.8	27.7	28.4	29.6	33.1	3.7%	2.3%
Aggregates (gravel and crushed stones)	MOP/m^3	82.2	83.5	85.6	89.0	93.8	95.3	105.7	3.0%	2.1%
Ordinary wood column	MOP/m^3	2,238.5	2,439.5	2,465.0	2,565.8	2,621.5	2,599.3	2,855.7	3.0%	1.9%

Source: Statistics and Census Service (DSEC) of the Macau Government, Frost & Sullivan

It is expected that the tourism and gaming industry in Macau will rebound in the near future to support the development of the construction market, which will drive up the price of raw materials. The prices of sand and concrete are expected to grow at a CAGR of approximately 13.8% and approximately 12.1% from 2015 to 2020, respectively.

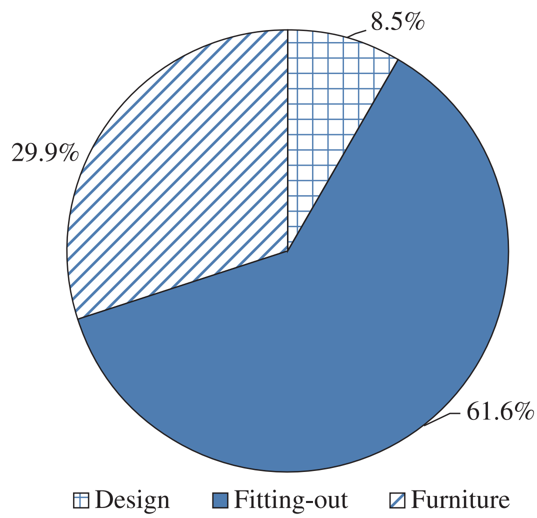
Overview of fitting-out market in Macau

Fitting-out works are decoration construction to the interior spaces of the property according to the design plan. Typical fitting-out works includes water and electricity installation, slurry, woodwork and painting, etc. The scope of fitting-out end applications may differ depending on the types of properties involved. Typically, end applications in Macau include offices, hotels, casinos and shopping malls, etc.

(1) Business model

The interior decoration industry includes suppliers of providing design, fitting-out construction and furniture. The following graph sets forth the overall size of interior decoration market in Macau in 2015. Among all the services of the interior design market in Macau, fitting-out works make up approximately 61.6%, which is dominating the market, while design and the furniture industries make up approximately 8.5% and approximately 29.9% in the market respectively.

Macau interior decoration market in 2015



Source: Frost & Sullivan

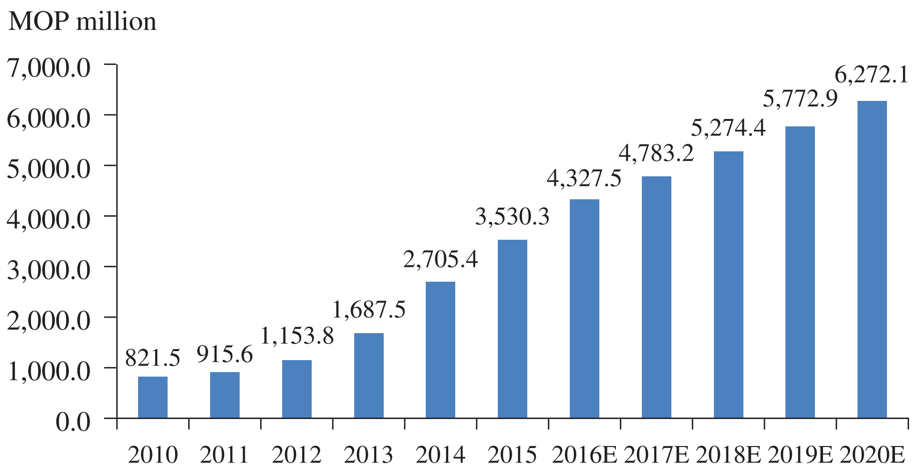
(2) Overall size of Macau fitting-out market

The Macau fitting-out market can be broadly divided into two segments, namely (i) commercial segment which comprised of offices, shopping malls, department stores, hotels and restaurants; and (ii) residential buildings segment. The revenue generated from fitting-out industry increased rapidly from approximately MOP1,522.2 million in 2010 to approximately MOP6,429.0 million in 2015 at a CAGR of approximately 33.4%. Although the growth of gaming industry in Macau had a slowdown in 2015, the completion of the Hong Kong – Zhuhai – Macau Bridge is expected to promote the tourism in Macau in the coming years. Besides, it is an industry norm that a commercial construction project refurbishes its interior decoration every 3 to 5 years, which indicates a stimulus that many hotels, retail stores and offices, which were built from 2010 to 2014, are to be renovated from 2015 to 2020. The fitting-out market in Macau is expected to have a modest growth at a CAGR of approximately 12.4% over the period from 2015 to 2020, and achieve approximately MOP11,539.3 million in the year of 2020.

(3) Size of Macau commercial fitting-out market

Macau commercial fitting-out market rose from approximately MOP821.5 million in 2010 to approximately MOP3,530.3 million in 2015 with a CAGR of approximately 33.9%, following the growing pace of decoration market. With booming of globally high-end tourism industry and accelerating consumption upgrade in the PRC, Macau commercial property industry tends to maintain a stable growth, which will improve the growth of commercial fitting-out industry in coming years, and it is estimated that the industry will reach the market size of approximately MOP6,272.1 million in 2020 at a CAGR of approximately 12.2%.

Macau commercial fitting-out market size



Source: Frost & Sullivan

(4) Project price

Average price of fitting-out projects performed by the leading contractors was around approximately MOP7.8 million in 2015, while the average price was approximately MOP1.8 million in 2010, with a CAGR of approximately 33.8%. With the rising market demand for high-end hotels and casinos driven by tourism and gaming industry, the demand for fitting-out increases as well, this raises the average project price. The rise in average project price is expected to be maintained, given the continuous growth of tourism in Macau and the rising labor wages. It is estimated that the average project fee for fitting-out works in Macau will increase from approximately MOP7.8 million in 2015 to approximately MOP13.0 million in 2020, representing a CAGR of approximately 10.8%.

(5) Economic downturn and impacts on fitting-out market in Macau

The gaming industry of Macau recorded a downturn in 2015, which decreased the demand for hotels and casinos. The number of hotel guests decreased from approximately 10.7 million in 2014 to approximately 10.5 million in 2015 and the number of visitors dropped from approximately 31.5 million in 2014 to approximately 30.7 million in 2015.

Given that Macau's gaming industry has been experiencing a downturn in 2015, the infrastructure development in Macau provides the growth opportunities in the long run. The tourism industry of Macau is expected to rebound in the near future. It is expected that the number of hotel guests and the number of visitors will record a CAGR of approximately 3.8% and approximately 2.7% from 2015 to 2020, respectively.

Growth drivers for fitting-out industry in Macau

- **Surging new construction area.** According to the Frost & Sullivan Report, the new construction area for commercial and office building has increased from approximately 13,241.0 m^2 in 2010 to approximately 34,535.0 m^2 in 2015, representing a CAGR of approximately 21.1%. The Macau Government has devoted efforts in promoting business diversification, like encouraging gaming operators to increase non-gaming elements in their hotels and resorts. During the first ten months of 2014, there were 4,407 companies newly established in Macau, which is an increase of approximately 24.2% as compared with the first ten months of last year. With more international retail brands opening and the growing numbers of newly registered companies, the demand for fitting-out works is expected to increase.

- **Increasing in total household number.** Residential building is also one of the indispensable applications to Macau fitting-out industry. There is a stable growth of total household numbers in Macau during 2010 to 2015, which increased from approximately 169,700 to approximately 192,700. For the residential fitting-out market in Macau, it experienced a fast growth from approximately MOP700.7 million in 2010 to approximately MOP2,898.7 million in 2015 with a CAGR of approximately 32.8%. Not only the increasing household number stimulates the total fitting-out projects volume in Macau, but also the steady growth in the average income, with a CAGR of approximately 11.3% from 2010 to 2015, allowing more families to use high-valued fitting-out services.

Future market trends of the fitting-out industry in Macau

- **Diversified development.** Due to the restrictions and policies on gambling and the anti-corruption campaigns from the PRC, the gaming industry, the largest pillar industry to Macau, has reached its bottleneck recently. The Macau Government is reconsidering more diversified development strategies, such as diminishing the contribution from the gaming industry in total revenue and to encourage the development of other tertiary industries, for example, tourism, exhibition, retail and catering, etc. All these information implies a diversified industry development in near future. It is anticipated that more and more downstream applications will be developed to Macau's fitting-out market.

- **Smart home development.** With the rapid growth of IoT (Internet of Things), smart home is gradually becoming an unavoidable topic. From the consumers' point of view, smart home products can bring them convenience and incredible comforts through network technologies. For the fitting-out suppliers' point, involving smart home product application in projects is beneficial for profit margin improvement and entry barrier. However, in the near future, fitting-out suppliers are expected to integrate decoration technologies with network technologies, adding more value to the industry.

- **Comprehensive Service.** At present, fitting-out works is merely an execution part in a project, which cannot satisfy all of clients' expectations. In order to improve the marginal rate in this competitive industry, fitting-out companies are expanding the scope of their service, from fitting-out works to integrated one-stop services which includes intellectual design, physical products and decoration service. One-stop solution is becoming one of the mainstreams in fitting-out industry. To clients, it is much more convenient to run quality control when choosing a fitting-out company could provide one-stop solution. To fitting-out suppliers, one-stop solution could extend the business scopes and increase the gross margin.

Competitive landscape of the commercial fitting-out industry in Macau

Top 5 fitting-out contractors in Macau

In 2015, the Group was the second largest commercial fitting-out contractor in Macau in terms of revenue, with approximately 6.1% market share. The fitting-out market in Macau is dominated by the major contractors. In terms of revenue, the top five fitting-out contractors collectively held approximately 88.0% of market share in 2015. The following table sets out the top five contractors engaging in commercial fitting-out works in Macau as at the end of 2015 and market share in 2015.

Company name	Headquarter location	Principal business	Revenue of commercial fitting-out works in 2015 *MOP million*	Market share *%*
Competitor A	Hong Kong	Competitor A is an integrated fitting-out contractors in Hong Kong and Macau, specialising in providing fitting-out works for residential property and hotel projects	2,462.6	69.8
The Group	**Macau**	**The Group provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance works, in Macau**	**216.9**	**6.1**
Competitor B	Macau	Competitor B is a provider of construction services to the hotel and casino industries in Macau, focusing on high-end retail and hospitality environments	185.0	5.2

Company name	Headquarter location	Principal business	Revenue of commercial fitting-out works in 2015	Market share
			MOP million	*%*
Competitor C	Hong Kong	Competitor C provides solutions in interior fitting-out and alteration services for clients in Hong Kong, Macau and the PRC	135.0	3.8
Competitor D	Hong Kong	Competitor D provides multi-faceted solutions in construction and fitting-out projects in Hong Kong and Macau, specialising in the high quality fitting-out projects	110.0	3.1
Top five contractors			3,109.5	88.0
Others			420.8	12.0
Total			3,530.3	100.0

Source: Frost & Sullivan

Opportunities and challenges of the fitting-out industry in Macau

- ***Expanding land area enlarges potential market***

Due to the island topography and limited available construction area, the Macau Government is continuously focusing on sea reclamation to expand land area. According to the Statistics and Census Service of the Macau Government, the gross land area has reached to 30.4 square kilometers in 2014 initiating from 29.7 square kilometers in 2010. The continuous land enlarging will improve the potentiality of Macau fitting-out industry.

- ***Opportunities from Zhuhai***

As the primary neighboring city, Zhuhai has established a strong cooperative relationship with Macau both in political and economic. With the deepening of cooperation, the boundary between Zhuhai and Macau will become more ambiguous in the future. Consequently, Zhuhai stands a great chance to become the adjacent market for Macau fitting-out industry.

- ***Industry upgrading***

Driven by rapidly developing electronic and information technologies, high-tech products are penetrating traditional fitting-out design market. Number of fitting-out players began to transfer their business from offline to online in order to attract more clients' attentions and improve the business scope. At the same time these products will also improve the margin rate and set up the industry barriers.

However, the fitting-out industry is also facing certain risks. There is a potential risk that experienced fitting-out competitors from the PRC will enter into Macau fitting-out market which leads the industry to be more competitive. Also, Macau's economy has heavily relied on its gaming and retail industries. These traditional pillar industries are suffering a downhill trend since 2015 and the market demand for fitting-out works will have a negative impact. Due to the limited local population and strong demand for construction projects, Macau construction market has been facing manpower shortage for a long period. According to the Statistics and Census Service of the Macau Government, in 2015, the average daily wage for all fitting-out workers was around MOP773.9 while average daily wage for local fitting-out workers was around MOP938.1. In 2010, the average daily wage for all fitting-out workers was approximately MOP587.4, while the average daily wage for local fitting-out workers was approximately MOP603.4. The average daily wage for all fitting-out workers and for local fitting-out workers experienced a CAGR of approximately 5.7% and 9.2% respectively. The wage of both local and non-local construction workers in Macau is relatively higher than other regions and this will further increase in the following years, which will adversely affect the profit margins of fitting-out contractors.

Barriers to entry

- ***Business relationship and reputation***

Developing a close cooperative business relationship with various parties is crucial in fitting-out industry. Clients tend to cooperate with familiar or good reputation fitting-out companies. Most of the mature fitting-out companies in Macau have already developed their reputation and relationship in certain subcategories of the industry, for example luxury hotel, casino and catering, etc. These are obstacles to new entrants.

- ***Professional industry experience***

Having a remarkable track record of related projects is one of the most effective ways to gain trust from clients. Potential clients tend to approach fitting-out companies with sufficient experience of similar cases. Prestigious and experienced players in the fitting-out industry are always preferred by clients because their rich professional industrial experience helps in facilitating the construction workflow and guarantees a reasonable project duration and gross margin of the projects. To new entrants, inadequate experience is one of the key barriers in entering fitting-out market.

- ***Reliable material suppliers***

The quality of fitting-out project not only depends on working staff's skills but it also relies deeply on the quality of the decoration materials. Experienced fitting-out companies usually would have established a long-term cooperation relationship with reliable material suppliers, therefore, the quality of the decoration materials can be guaranteed. If the quality of the decoration materials is unstable, there will be a risk of ruining the whole project and the company's reputation. With the existing cooperative relationship, it is beneficial for fitting-out companies to enhance their bargaining power when discussing possible business opportunities and to have a reliable source of materials. However, this kind of cooperation is not always available for new market entrants.

HONG KONG FITTING-OUT MARKET

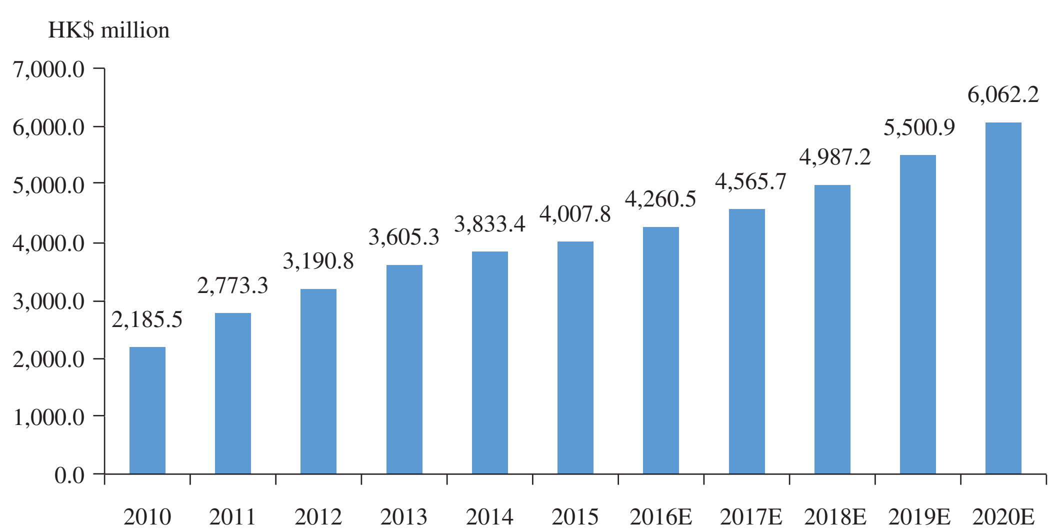
The construction industry in Hong Kong

In recent years, Hong Kong experienced a stable increase in nominal GDP from approximately HK$1,776.3 billion in 2010 to approximately HK$2,402.5 billion in 2015 at a CAGR of approximately 6.2%. The increase was mainly attributed to prudent development of tertiary industry including finance, tourism, etc. It is anticipated that the nominal GDP will continue increasing at a stable level in coming years at a CAGR of approximately 4.7% from 2015 to 2020. With the increasing investment in infrastructure and expediting of urban renewal, the gross value of construction work increased from around HK$179.8 billion in 2010 to around HK$350.0 billion in 2015, at a CAGR of approximately 14.2%.

Overview of fitting-out market in Hong Kong

During 2010-2015, Hong Kong fitting-out market grew from approximately HK$3,814.1 million in 2010 to approximately HK$7,223.8 million in 2015 at a CAGR of around 13.6%. In the next five years, it is expected to have a relatively lower growth rate at a CAGR of approximately 10.2%, reaching approximately HK$11,741.2 million by the end of 2020. The continuous growth in fitting-out market is mainly stimulated by the steady economic growth and the growing property market. Development in shopping malls, residential units and urban renewal are the driving forces of the property market, which will improve the demand for fitting-out services.

Hong Kong commercial fitting-out market size



Source: Frost & Sullivan

Since 2010, Hong Kong commercial fitting-out market experienced a CAGR of approximately 12.9% from approximately HK$2,185.5 million in 2010 to approximately HK$4,007.8 million in 2015. With the increasing number of offices in industrial areas and the growing demand for renovation work of retail stores, Hong Kong commercial fitting-out market was expected to maintain a stable growth at a CAGR of approximately 8.6%, from approximately HK$4,007.8 million to approximately HK$6,062.2 million in 2020.

The increased number of overnight tourists and business visitors to Hong Kong has promoted the increase of the demand for hotels. According to the Hong Kong Tourism Board published in August 2015, the hotel supply in Hong Kong is expected to increase at a CAGR of approximately 5.0%, reaching a total of 305 hotels with 83,857 rooms in 2019 from 251 hotels with 73,807 rooms as it was at the end of June 2015.

Future market trends of the fitting-out industry in Hong Kong

- **Growing demand from renovation market.** The residential building usually requires renovation services after every 10 to 20 years' use. The commercial building renovation service frequency is only around 3 to 5 years because the public facility of commercial building tends to be easily over-used by customer flow. Moreover, with the furthering cooperation between Hong Kong and the PRC, enlarging visitors are estimated to increase the burden of Hong Kong's building facilities. Under these circumstances, the change of use from residential building to commercial building or commercial building to hotel will generate more demand for fitting-out services.

- **Continued increase in housing supply.** Hong Kong Housing Department promulgated a long term housing strategy in 2014. The objectives of the new housing strategy are building more public rental housing, increasing subsidised sale flats and stabilising the residential property market through steady land supply. The housing supply target is 480,000 units for the ten-year period from 2015 to 2024, with a public-private split of 60:40. As such, the newly built units are estimated to act as a dynamic to the construction market of Hong Kong, leading huge market opportunities for interior design and fitting-out companies engaged in residential and commercial projects.

Competitive landscape of the fitting-out industry in Hong Kong

The fitting-out industry in Hong Kong is different from Macau where fitting-out works in Macau is a stand-alone industry. In Hong Kong, the integrated services providers are becoming the mainstream of the fitting-out industry and fitting-out works, addition and alteration and renovation works are becoming a one single industry, especially in the commercial segments.

The fitting-out industry in Hong Kong is a fragmented and highly competitive market. Over 5,000 companies engage in the provision of fitting-out or related services and most of them are small and medium sized companies. The market share of fitting-out industry among the small and medium sized companies in Hong Kong is evenly distributed. In terms of revenue, the top five players collectively held approximately 20% of market share of fitting-out, addition and alteration and renovation industry in 2015.

Opportunities and challenges of the fitting-out industry in Hong Kong

- With the increasing purchasing power and increasing awareness of interior decoration, expenditure on household products and service are expected to experience continuous growth, leading to a rising demand for residential fitting-out services. For the commercial fitting-out segment, companies prefer renting office nearby to relocating the office when they expand the workplace. Tenants in Hong Kong are looking for environmental friendly and sophisticated design that can optimise the space by planning on furniture and layout. The refurbishment presents a new growth engine for the fitting-out market in Hong Kong.

- Hong Kong fitting-out industry represents a higher market standard and project quality as compared with that of the PRC. Moreover, considering the advanced fitting-out engineering process and design concept in Hong Kong, the booming of the Chinese economies is estimated to lead to the increase in demand for Hong Kong fitting-out suppliers with high quality level fitting-out capabilities. With the increasing demand from the PRC, a growing number of market opportunities for Hong Kong fitting-out industry are predictable.

- In Hong Kong, the fitting-out, renovation, addition and alteration works industry is encountering a trend of higher requirement and expectation from customers, which may include more fancy design and materials for decoration and renovation, more difficult process engineering and tighter deadline for planning and execution, and therefore lead to additional workload on and expenditure from the service providers.

- High rental cost brings heavy burden to office tenants and reduce their budget on interior decoration. Furthermore, uncertainties of the real estate market may result in the trend of being more prudent on renting new flats, which diminishes the market growth for fitting-out market. However, lower budget also indicates the inevitable target on other appropriate flats that can best fit the tenants' needs, which ensures the continuing demand for fitting-out. Office tenants may consider to restructure and refurbish the existing flats rather than to rent more expensive ones.

THE LAWS AND REGULATIONS OF MACAU

The Group provides services of (a) fitting-out works as an integrated fitting-out contractor; (b) construction works as a main contractor; and (c) repair and maintenance works, mainly in Macau.

Set out below is a summary of the main regulatory laws applied to the Group's business in Macau.

The Macau Commercial Code, the Macau Commercial Registry Code and the Macau Civil Code settle the general regime governing commercial corporations established in Macau.

All corporations engaging commercial activities in Macau are liable to Corporate Income Tax and should be registered with the Macau Financial Services Bureau for tax purposes.

Construction works general regime:

Decree Law No. 79/85/M – General Construction Works Regulation (amended by Administrative Regulation No. 24/2009)

Any company that wishes to carry out interior fitting-out works or construction works in Macau has to be registered with the DSSOPT as a contractor or a subcontractor.

The DSSOPT must approve the projects and, consequently, issue the corresponding license for the construction of new buildings, reconstruction, repair, maintenance, alteration or expansion to the existing buildings, demolition of buildings, and any project or work resulting in topographical change, in order to be conducted.

The interested parties in conducting projects have to notify the DSSOPT of the proposed project and the expected commencement and completion dates of the construction, by filling out the specific form provided, accompanied by the signed declaration of the construction company or builder previously registered with the DSSOPT, and other project-related documents required.

Upon inspecting the documents submitted by the interested parties, the DSSOPT will affix a specific seal on the form and send it back to the interested parties. The interested parties shall post the form conspicuously at the project site, when conducting the project.

The DSSOPT has the authority to monitor the compliance of the aforementioned Decree-Law and its supplementary law. Only legal persons who are locally registered in Macau are approved for the related project plan and may have the project license issued by the DSSOPT. The project plan for the approval of the DSSOPT, or project draft and project amendment, has to be pre-signed by a technician who is registered with the DSSOPT. The project guidance of the approved plan has to be conducted by a qualified technician who is registered with the DSSOPT. The project implementation of the approved plan can only be conducted by construction company or constructor who is registered with the DSSOPT. During the implementation, it is permitted to conduct specified project items according to the approved content in project plan through contract employment or outsourcing to third party.

The accreditation of qualification to a construction company or a constructor is conducted according to the application submitted to the DSSOPT, accompanied with a tabulated list of all technical tools possessed and a list of completed projects.

Under the laws of Macau, for the purpose of the applicability of licensing regime, fitting-out works are divided into three categories: (i) simple works for residential unit (家居簡單裝修工程), which includes all interior alteration, repair and maintenance works that make no change of use of the unit, the structure or the area, nor a change of entrance openings, walls, facades or windows, water supply or drainage network, fall into this category; (ii) simple works for non-residential unit (非家居簡單裝修工程), which only includes works in the units no larger than 120 sq.m. and are not subject to cross-supervision by different authority. In the case of ground-floor units, it includes fitting projection into facades of the unit, modifying façade with brickworks, glass, slabs or other materials, opening doors on the wall. In the case of interior area of a unit, it includes general painting, furniture and equipment's fitting, removal of existing partition, repair, replacement or change of false ceiling, interior wall finishes, room door, in-flat supply of electrical power, floor finishes, skirting, toilet accommodation, in-flat supply pine system or in-flat discharge pine system, construction of partition walls with brickworks, glass, slabs or other materials; and (iii) non-simple works (非簡單裝修工程), which includes all fitting-out works other than the above two categories.

The fitting-out works of the above three categories are subject to different licensing requirements.

The DSSOPT is the competent authority to supervise the implementation of the relevant requirements. The simple works for residential unit are not subject to any work license or prior notice. The simple works for non-residential unit are subject to giving a prior notice to the DSSOPT. The non-simple works are subject to obtaining a work license from the DSSOPT.

Set below are other laws applicable to construction work:

- Decree Law No. 44/91/M – Regulation on Construction's Safety and Hygiene – stipulates obligations and recommendations about hygiene and safety for all the constructions or places and materials used;

- Decree Law No. 34/93/M – Applicable Legal Regime of Noise at Work;

- Decree Law No. 54/94/M – Rules on Prevention and Control of Ambient Noise;

- Decree Law No. 47/96/M – Regulations on Land Technology (Regulations on Geotechnical Engineering);

- Decree Law No. 56/96/M – Regulations on Safety and Loading of Building Structure and Bridge Structure;

- Decree Law No. 60/96/M – Regulation of Reinforced and Pre-stressed Concrete Structures;

- Decree Law No. 63/96/M – Standards of Cement;
- Decree Law No. 64/96/M – Standards of Using Hot Rolled Bars in Reinforced Concrete;
- Decree Law No. 32/97/M – Regulations on Soil Retaining and Earthwork Project;
- Decree Law No. 42/97/M – Standards of Concrete; and
- Law No. 1/2015 – System of qualifications on urban construction and urban planning.

Labour related matters

Law No. 7/2008 – Labour Relation Law

Sets out the general employment relationship regime, such as time of work, holidays, sick leaves, annual leaves, payment and termination of the contract.

Law No. 21/2009 – Regulation for hiring non-resident workers

No employer in Macau may hire a foreign worker to work in Macau unless he has obtained an employment permit issued by the Macau Human Resources Office. Each employment permit applies to one individual or several individuals and is given on a case by case basis by the Macau Human Resources Office. According to the employment law of Macau, foreign workers are categorised into (i) specialised workers who either hold tertiary degrees, or possesses highly qualified technical skills or professional experience, and will occupy a post which requires a high degree of specialisation; (ii) domestic workers; or (iii) non-specialised workers who do not meet the requirements specified for specialised workers and do not provide domestic work. The authorisation granted to the employer to hire specialised workers shall always be conceded through a nominal permit which means the employer can only hire the designated employee. On the other hand, the authorisation granted to the employer to hire domestic workers and non-specialised workers shall always be conceded through a non-nominal permit, which means the employer may freely utilise such permit to hire the respective employee he chooses after the authorisation is issued. The authorisation granted to the employer to hire specialised workers, domestic workers and non-specialised workers can designate to one or more worksites where the employee is allowed to work. However, under the policy of the Macau Human Resources Office, such designation is mandatory and the employer is required to notify the Macau Human Resources Office in writing within 15 days of the change of worksites for the specialised workers, domestic workers and non-specialised workers. Furthermore, all construction workers including foreign workers must hold an occupational safety card or equivalent certifications in order to perform work on construction worksite or workplace. The authorisation can be revoked by the Macau Human Resources Office should the employer fail to comply with such policy. In addition, the transfer of the employment of non-specialised foreign workers is not permitted unless the business is transferred in whole while a specialised foreign worker may be transferred from his or her original employer to another employer, if he or she so agrees and subject to authorisation from the original employer, as long as the activity to be performed by such worker under the new employer is compatible with the respective professional category under which he or she is authorised to work within Macau and the transfer does not result in a reduction of rights or benefits to such worker.

Other laws applicable to labour issues:

- Decree-Law No. 40/95/M – Compensation regime for injury arising from accidents at work and occupational diseases;
- Decree-Law No. 44/91/M – Regulation on construction safety and hygiene;
- Decree-Law No. 67/92/M – Penalties for violating regulation on construction safety and hygiene;
- Decree-Law No. 37/89/M – General regulation of working safety and hygiene of office, service and commercial establishment;
- Decree-Law No. 13/91/M – Penalties for violating regulation of working safety and hygiene of office, service and commercial establishment;
- Decree-Law No. 34/93/M – Occupational noise juridical system;
- Decree-Law No. 48/94/M – Penalties for violating occupational noise juridical system;
- Decree-Law No. 40/95/M – Compulsory employees' compensation insurance (last amendment by Law 6/2015). A relevant change by the Law No. 6/2015 is that all corporate entities even for those which are irregularly incorporated, unincorporated associations and special committees are liable for the offences; and
- Executive Order No. 237/95/M – Sets out the general conditions and schedule of the Uniform Employees' Compensation Insurance Policy, amended by the Executive Order No. 32/2001.

Environmental protection

The following laws are applicable in relation to environmental protection:

Law No. 2/91/M – establishes the principle of safety and environmental law of Macau

As a general rule, any violation of the environmental legislation or who, in any way harms deeply the environment will be subject to civil liability, administrative fine or criminal punishment.

Administrative Ordinance No. 28/2004 – General regulation of the public spaces

Sets out the obligations and requirements of the occupation and utilisation of public spaces. Although there is now specific law regarding waste disposal, it is forbidden to leave wastes in public spaces without being accommodated in proper containers.

Law No. 8/2014 – Noise control regulation

Any work, which may produce annoying noise, is forbidden to be conducted during whole day of Sundays and public holidays and between 20:00-8:00 (next day) of weekdays. Any contractor who violates this rule within 200 meters from any residential building or hospital by use of moving or fixed mechanical equipment is liable to a fine up to MOP200,000.

THE LAWS AND REGULATIONS OF HONG KONG

Subsequent to the Track Record Period, the Group commenced to provide services of fitting-out works in Hong Kong.

Set out below is a summary of certain aspects of the laws and regulations in Hong Kong which are relevant to the Group's operations in Hong Kong.

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

Definition of wages

"Wages" means all remuneration, earnings, allowances, tips and service charges, however designated or calculated, payable to an employee in respect of work done or work to be done. Allowances including travelling allowances, attendance allowances, commission and overtime pay are within the definition of wages. However, it does not include:

(a) the value of any accommodation, education, food, fuel, water, light or medical care provided by the employer;

(b) employer's contribution to any retirement scheme;

(c) commission, attendance allowance or attendance bonus which is of a gratuitous nature or is payable only at the discretion of the employer;

(d) non-recurrent travelling allowance or the value of any travelling concession or travelling allowance for actual expenses incurred by the employment;

(e) any sum payable to the employee to defray special expenses incurred by him/her by the nature of his/her employment;

(f) end of year payment, or annual bonus which is of a gratuitous nature or is payable only at the discretion of the employer; and

(g) gratuity payable on completion or termination of a contract of employment.

An employee's entitlements to end of year payment, maternity leave pay, paternity leave pay, severance payment, long service payment, sickness allowance, holiday pay, annual leave pay and wages in lieu of notice are calculated according to the above definition of wages.

Overtime pay should also be included in calculating the above payments if:

(a) it is of a constant character; or

(b) its monthly average over the past 12 months is not less than 20% of the average monthly wages of the employee during the same period.

Payment of wages

Wages shall become due on the expiry of the last day of the wage period. An employer should pay wages to an employee as soon as practicable but in any case not later than seven days after the end of the wage period. An employer is required to pay interest on the outstanding amount of wages to the employee if he/she fails to pay wages to the employee within seven days when it becomes due.

An employer who wilfully and without reasonable excuse fails to pay wages to an employee when it becomes due is liable to prosecution and, upon conviction, to a fine of $350,000 and to imprisonment for three years.

An employer who wilfully and without reasonable excuse fails to pay interest on the outstanding amount of wages to the employee is liable to prosecution and, upon conviction, to a fine of $10,000.

Failure to pay wages

An employer who is no longer able to pay wages due should terminate the contract of employment in accordance with its terms.

If wages are not paid within one month after they become due, an employee may deem his/her contract of employment to be terminated by his/her employer without notice and is entitled to wages in lieu of notice in addition to other statutory and contractual termination payment. To avoid disputes, an employee should inform his/her employer when he/she exercises such rights under the Employment Ordinance.

Liability to pay wages of subcontractor's employees

The principal contractors, superior subcontractors and superior nominated subcontractors engaged in building and construction works are liable for the first two months' unpaid wages of an employee who is employed by the subcontractor or nominated subcontractor.

If an employee employed by a subcontractor or nominated subcontractor is owed wages, he/she must serve a written notice to the principal contractor or the superior subcontractor within 60 days (or an additional period of 90 days as permitted by the Commissioner for Labour) after the wages become due. The employee should state the following in the notice:

(a) the name and address of the employee;

(b) the name and address of his/her employer;

(c) the address of the place of employment of the employee;

(d) the particulars of the work in respect of which the wages are due; and

(e) the amount of wages due and the period to which they relate.

The principal contractor, the superior subcontractors and the superior nominated subcontractors should pay wages to the employee within 30 days after receiving the notice. They may request every superior subcontractor or superior nominated subcontractor to the employee's employer to share out the liability.

The wages paid by the principal contractor, the superior subcontractors and the superior nominated subcontractors shall be a debt due by the employer of the employee to them. The debt may be recovered through civil claims proceedings.

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 the industrial sector.

Coverage

The Factories and Industrial Undertakings Ordinance applies to industrial undertakings, i.e. factories, construction sites, catering establishments, cargo and container handling undertakings, repair workshops and other industrial workplaces.

General duties

The Factories and Industrial Undertakings Ordinance imposes general duties on proprietors and persons employed at industrial undertakings to ensure safety and health at work.

Every proprietor should take care of the safety and health at work of all persons employed by him/her/it at an industrial undertaking by:

(a) providing and maintaining plant and work systems that do not endanger safety or health;

(b) making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;

(c) providing all necessary information, instruction, training, and supervision for ensuring safety and health;

(d) providing and maintaining safe access to and egress from the workplaces; and

(e) providing and maintaining a safe and healthy work environment.

Every person employed at an industrial undertaking should also contribute to safety and health at work by:

(a) taking care for the safety and health of himself/herself and other persons at the workplace; and

(b) using any equipment or following any system or work practices provided by the proprietor.

Notification of workplaces

A person having the management and control of a factory or other industrial establishment (but excluding a construction site) should notify the Commissioner for Labour in a prescribed form before commencement of operation.

Any subsequent changes in the particulars of the workplace, e.g. its name, location or the industrial processes, should also be notified to the Commissioner for Labour in a prescribed form.

A contractor should notify the Commissioner for Labour in writing within seven days after commencement of any construction work under the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong).

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

Pursuant to Section 38A of the Immigration Ordinance, a construction site controller (i.e. a 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) shall take all practicable steps to prevent (a) persons to whom Section 38(1) of the Immigration Ordinance applies from being on the construction site; or (b) persons who are not lawfully employable from taking employment on the construction site.

"Construction site" is defined under the Immigration Ordinance to mean a place where construction work is undertaken and includes any area in the immediate vicinity which is used for the storage of materials or plants used or intended to be used for the purpose of the construction work.

Where it is proved that (a) a person to whom Section 38(1) applies was on a construction site; or (b) a person 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.

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

Under the Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong), a subsidiary legislation under the Buildings Ordinance, certain building works are specified as "minor works", which could be carried out without the Building Authority's prior approval of building plans and consent to commence works. Minor works are categorised into three classes (Classes I, II and III) according to their nature, scale, complexity and risk to safety they pose:

(a) Class I (a total of 44 items) comprises more complicated minor works and requires higher technical expertise and more stringent supervision, including the appointment of a prescribed building professional, such as an authorised person and where necessary, a registered structural engineer and/or a registered geotechnical engineer; and

(b) Class II (a total of 40 items) and Class III (a total of 42 items) comprise works of a lower complexity and common household minor works respectively which can be carried out by registered contractors without the involvement of a prescribed building professional.

The works under each class of minor works are further classified into seven types: (i) Type A (alteration and addition works); (ii) Type B (repair works); (iii) Type C (works relating to signboards); (iv) Type D (drainage works); (v) Type E (works relating to structures for amenities); (vi) Type F (finishes works); and (vii) Type G (demolition works).

Registers

The Building Authority maintains a register of minor works contractors who are qualified to carry out minor works belonging to the class, type and item specified in the register in which they are registered.

Scope of work which can be undertaken

Minor works contractors shall only carry out such minor works belonging to the class, type and item specified in the register in which they are registered.

Validity period and renewal of registration as registered specialist contractors and registered minor works contractors

Unless registration is removed by a disciplinary order, registration is valid for a period of three years from the date on which a person's name is included in the register.

Registration can be renewed upon its expiry by making prior application to the Building Authority in accordance with Section 8C of the Buildings Ordinance and Section 14 of the Building (Minor Works) Regulation for registered specialist contractors and registered minor works contractors respectively.

Application for renewal of registration should be made by the registered contractor to the Building Authority not earlier than four months and not later than 28 days prior to the date of expiry of the registration. Provided the application is made within the time limit and the renewal fee is paid, the existing registration will remain in force until the application for renewal is finalised by the Building Authority. Once renewed, a registration is valid for a period of three years from the expiry date of the previous registration.

Regulatory actions

Under Section 13 of the Buildings Ordinance, a registered contractor (including a registered specialist contractor or a registered minor works contractor), or the director, officer or person appointed by the registered contractor to act on its behalf for the purposes of the Buildings Ordinance may be subject to inquiry by the disciplinary board appointed by the Building Authority under Section 11 of the Buildings Ordinance where appropriate. The disciplinary board may, among others, order that (a) the name of the person subject to inquiry be removed from the relevant register, either permanently or for such period as the disciplinary board thinks fit; (b) the person subject to inquiry be fined, in the case of building works (other than minor works), a sum not exceeding HK$250,000 or in the case of minor works, a sum not exceeding HK$150,000; (c) the person subject to inquiry be reprimanded; and (d) the person subject to inquiry be prohibited from certifying or carrying out certain works, either permanently or for such period as the disciplinary board thinks fit.

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

The Employees' Compensation Ordinance establishes a no-fault, non-contributory employee compensation system for work injuries. Major provisions of the Ordinance are:

Application

An employer is liable to pay compensation in respect of injuries sustained by his/her/its employees as a result of an accident arising out of and in the course of employment; or in respect of occupational diseases specified in the Employees' Compensation Ordinance suffered by the employees.

The Employees' Compensation Ordinance in general applies to employees who are employed under a contract of service or apprenticeship. Employees who are injured while working outside Hong Kong are also covered if they are employed in Hong Kong by local employers.

Assessment of loss of earning capacity

A two-tier system – Employees' Compensation (Ordinary Assessment) Board and Employees' Compensation (Special Assessment) Board – is provided for to assess the necessary period of absence from duty and the percentage of loss of earning capacity permanently caused to the employee as a result of the work injury.

Settlement of claims

Depending on the nature of the case, a claim for employees' compensation can be settled in the following ways:

(a) Direct payment

(b) Determination of compensation by agreement according to the Employees' Compensation Ordinance

(c) Settlement by certificate

(d) Settlement by Court

Compulsory insurance

An employer must be in possession of a valid insurance policy to cover his/her/its liabilities both under the Employees' Compensation Ordinance and at common law for the work injuries for his/her/its employees.

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

The Air Pollution Control Ordinance empowers the Environmental Protection Department to control air pollution from industry, commercial operations and construction work. The Air Pollution Control Ordinance prohibits the use of high sulphur and leaded fuels and the open burning of construction waste, tyres and cables for metal salvage.

Abatement notices are usually issued to anyone causing air pollution from a process or machinery and they will be asked to reduce or stop their emissions, or face prosecution. Some events are prosecuted on the spot, such as construction dust or black smoke emissions.

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.

The Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), a subsidiary legislation under the Air Pollution Control Ordinance, covers non-road mobile machinery ("**NRMMs**") including a wide range of mobile machines (including transportable industrial equipment), or vehicles powered by internal combustion engines used primarily off-road. All regulated machines sold or leased for use in Hong Kong, except those exempted, are required to comply with the prescribed emission standards. 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, container terminals and back up facilities, restricted areas of the airport, designated waste disposal facilities and specified processes.

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

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

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of a premise to take reasonable care of the premise in all circumstances so as to ensure that his/her/its 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.

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

It is prohibited to dump waste in public places or on government land, or on private premises without the consent of the owner or occupier. Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong), a subsidiary legislation under the Waste Disposal Ordinance, a construction waste can only be disposed at designated prescribed facilities and a main contractor who undertakes construction work with a value of HK$1 million or above will be required, within 21 days after being awarded the contract, to establish a billing account in respect of that particular contract with the Director of the Environmental Protection Department to pay any prescribed charges for the construction waste generated from the construction work under that contract.

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

Neighbourhood noise and noise from construction, industrial and commercial activities are controlled by the Noise Control Ordinance.

Noisy construction work and the use of powered mechanical equipment in populated areas is not allowed between 7 p.m. and 7 a.m. or at any time on general holidays, unless prior approval has been granted by the Environmental Protection Department through the construction noise permit system. Certain equipment is also subject to restrictions when its use is allowed. Hand-held percussive breakers and air compressors must comply with noise emissions standards and be issued with a noise emission label from the Environmental Protection Department. Percussive pile-driving is allowed on weekdays only with prior approval, in the form of a construction noise permit from the Environmental Protection Department.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Coverage

Mandatory provident fund ("**MPF**") is an employment-based retirement protection system. Except for exempt persons, employees (regular or casual) and self-employed persons who are at least 18 but under 65 years of age are required to join an MPF scheme.

Enrolment

Both full-time and part-time employees (except for exempt persons) are covered by the MPF system.

Employers in all industries should enrol their regular employees (i.e. employees who are at least 18 but under 65 years of age and employed for 60 days or more) in an MPF scheme within the first 60 days of employment.

Employers in the construction industry or catering industry should enrol their casual employees in an MPF scheme within the first 10 days of employment, regardless of the length of the employment period. Casual employees are those who are at least 18 but under 65 years of age and who are employed in either of the two industries on a day-to-day basis or for a fixed period of less than 60 days.

Employers may select one or more MPF schemes available on the market for participation and offer them to their employees. Employers are encouraged to consult their employees on the selection of MPF schemes.

Contributions

Employees and employers who are covered by the MPF system are each required to make regular mandatory contributions calculated at 5% of the employee's relevant income to an MPF scheme, subject to the minimum and maximum relevant income levels. For a monthly-paid employee, the minimum and maximum relevant income levels are HK$7,100 and HK$30,000, respectively.

"Relevant income" refers to all monetary payments paid or payable by an employer to an employee, including wages, salary, leave pay, fees, commissions, bonuses, gratuities, perquisites or allowances, but excluding severance payments or long service payments under the Employment Ordinance.

Both employees and employers are free to make voluntary contributions in addition to mandatory contributions.

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. It is basically an enabling ordinance setting out requirements in general terms.

Coverage

The Occupational Safety and Health Ordinance covers almost all workplaces – places where employees work. In addition to factories, construction sites and catering establishments, other places, such as offices, laboratories, shopping arcades, educational institutions also come under the ambit of the law. However, there are a few exceptions, namely:

(a) an aircraft or vessel in a public place;

(b) the place occupied by the driver of a land transport vehicle when it is in a public place (but other employees working in the vehicle are covered);

(c) domestic premises at which only domestic servants are employed; and

(d) places where only self-employed persons work.

The roles of the dutyholders

Under the Occupational Safety and Health Ordinance, everyone has a role to play in creating a safe and healthy workplace.

Employers should contribute to safety and health in their workplaces by:

(a) providing and maintaining plant and work systems that do not endanger safety or health;

(b) making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;

(c) providing all necessary information, instruction, training, and supervision for ensuring safety and health;

(d) providing and maintaining safe access to and egress from the workplaces; and

(e) providing and maintaining a safe and healthy work environment.

Occupiers of premises should take responsibility for ensuring that:

(a) the premises;

(b) the means of access to and egress from the premises; and

(c) any plant or substance kept at the premises

are safe and without risks to health to any person working on the premises, even if they do not directly employ that person on the premises.

Employees should also contribute to safety and health in the workplaces by:

(a) taking care for the safety and health of persons at the workplace; and

(b) using any equipment or following any system or work practices provided by their employers.

Enforcement of the Ordinance

The Commissioner for Labour is empowered to issue improvement notices and suspension notices against activity of workplace which may create an imminent hazard to the employees. Failure to comply with the notices constitutes an offence punishable by a fine of HK$200,000 and HK$500,000 respectively and imprisonment of up to 12 months.

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

The Minimum Wage Ordinance establishes a statutory minimum wage ("**SMW**") regime aimed at striking an appropriate balance between forestalling excessively low wages and minimising the loss of low-paid jobs while sustaining Hong Kong's economic growth and competitiveness.

SMW provides a wage floor to protect grassroots employees.

SMW has come into force since 1 May 2011. With effect from 1 May 2015, the SMW rate is raised from HK$30 per hour to HK$32.5 per hour. Concurrently, the monetary cap on the requirement of employers keeping records of the total number of hours worked by employees is also revised to HK$13,300 per month.

SMW is expressed as an hourly rate. In essence, wages payable to an employee in respect of any wage period should be no less than the SMW rate on average for the total number of hours worked.

The major provisions of the Minimum Wage Ordinance, e.g. definition of wages, are aligned as closely as possible with those of the Employment Ordinance to ensure consistency and effective enforcement, avoid confusion to employers and employees and minimise the compliance cost for employers.

Security of Payment Legislation for the Construction Industry ("SOPL")

The Development Bureau of the Hong Kong Government issued a report on public consultation on proposed security of payment legislation for the construction industry in April 2016 to address unfair payment terms, payment delays and disputes and intended to proceed with such new legislation. The proposed SOPL is intended to encourage fair payment, rapid dispute resolution and increase cash flow in the contractual chain.

When it comes into force, the proposed SOPL will apply to all written and oral contracts where construction works or plant and materials are being supplied for works in Hong Kong. All public sector construction contracts will be caught by the legislation, whereas only construction and supply contracts relating to a "new building" (as defined in the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)) and where the employer's main contracts value exceeds HK$5 million (for construction contracts) and HK$500,000 (for professional services and supply only contracts) will be caught in private sector. However, where the proposed SOPL applies to the main contract, it will automatically apply to all subcontracts in the contractual chain.

It is proposed that the new legislation will:

(a) prohibit "pay when paid" and similar clauses in contracts. "Pay when paid" refers to provisions in contracts that (i) make payment contingent or conditional on the operation of other contract or agreement; and (ii) make payment conditional on the payer receiving payment from a third party. Payers will not be able to rely on such clauses in dispute resolution forums;

(b) prohibit payment periods of more than 60 calendar days for interim payments or 120 calendar days for final payments;

(c) enable amounts due for construction work or materials or plant supplies to be claimed as statutory payment claims, upon receipt of which the payer has 30 calendar days to serve a payment response, and either party has a statutory right to refer the matter to adjudication for decision (typically a 60 day process); and

(d) give parties who have not been paid amounts admitted as due the right to suspend works until payment is made.

The proposed SOPL is designed to assist contractors throughout the contractual chain to ensure cash-flow and access to a swift dispute resolution process.

The proposed SOPL is subject to the finalisation of the legislation framework and the legislative process by the Hong Kong Government. The Directors confirm that the Group will fully comply with the requirements under the proposed SOPL, once implemented.

OVERVIEW

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 1 June 2016 in anticipation of the Listing. The subsidiaries of the Group comprise LSMAHL, WTMAHL, LSHKHL, Lai Si, Well Team and Lai Si (HK). Details of these subsidiaries and the corporate structure of the Group are set out in the sub-section headed "Corporate history" in this section.

Prior to the Listing, the Group underwent the Reorganisation and immediately following completion of the Reorganisation, the entire issued share capital of the Company was owned by SHKMCL, a company incorporated in the BVI which is owned as to 50% by Mr. Stanley Lai, 30% by Mr. Harry Lai and 20% by Ms. Karen Lai.

Immediately following completion of the Share Offer and the Capitalisation Issue, SHKMCL will own 75% of the issued share capital of the Company (without taking into account any Share which will be allotted and issued upon exercise of any option which may be granted under the Share Option Scheme).

BUSINESS DEVELOPMENT

The Group's history can be traced back to 1987 when Mr. Stanley Lai established Construtor Civil Lai Ieng Man in Macau from his personal wealth accumulated over the years before establishing the Group. In November 2004, Mr. Stanley Lai decided to expand the Group's business and hence he incorporated Lai Si with Mr. Harry Lai and Ms. Karen Lai.

Milestones of the Group

The key events of the development of the Group are set out below:

Year	Key event
1987	Construtor Civil Lai Ieng Man commenced business in Macau on 27 January 1987.
1989	Construtor Civil Lai Ieng Man was first registered as a commercial enterprise with the DSSOPT.
2004	Lai Si was incorporated in Macau on 8 November 2004.
2006	Well Team was incorporated in Macau on 5 September 2006.
2007	Lai Si was first registered as a construction company with the DSSOPT.
2009	Lai Si was first accredited ISO 9001:2008.

Year	Key event
2011	Well Team acquired a property located in Macau Peninsula, Macau, which is the Group's current headquarters in Macau.
	The Group completed a construction project for a secondary school in Macau with a total contract sum of MOP105,800,000.
2014	Lai Si was first accredited ISO 14001:2004 and OHSAS 18001:2007.
2015	Well Team was first registered as a construction company with the DSSOPT.
	Lai Si (HK) was incorporated in Hong Kong on 5 May 2015.
2016	The Company was incorporated in the Cayman Islands on 1 June 2016 as part of the Reorganisation for the purpose of the Listing.

CORPORATE HISTORY

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

Construtor Civil Lai Ieng Man

Construtor Civil Lai Ieng Man, which commenced business on 27 January 1987, is a commercial enterprise in Macau owned by Mr. Stanley Lai. For the purpose of transferring the employment permits for foreign workers held by Construtor Civil Lai Ieng Man to the Group, Mr. Stanley Lai sold Construtor Civil Lai Ieng Man together with all the assets and liabilities thereof to Lai Si on 7 June 2016 for a cash consideration of MOP150,000, which was determined based on an independent valuation report and settled by Lai Si in May 2016.

The Company

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 1 June 2016. The authorised share capital of the Company as at the date of incorporation was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. On 1 June 2016, the Company allotted and issued one Share, credited as fully paid at par, to Reid Services Limited, being an Independent Third Party, as the initial subscriber. Such one Share was transferred to SHKMCL on the same day. On 1 June 2016, the Company allotted and issued 49,999 Shares, credited as fully paid at par, to SHKMCL.

LSMAHL

LSMAHL was incorporated in the BVI as a BVI business company on 7 June 2016. Such company is authorised to issue a maximum of 50,000 shares of US$1.00 par value each of a single class, among which 10 shares are in issue and directly wholly owned by the Company.

LSMAHL is an investment holding company.

WTMAHL

WTMAHL was incorporated in the BVI as a BVI business company on 7 June 2016. Such company is authorised to issue a maximum of 50,000 shares of US$1.00 par value each of a single class, among which 10 shares are in issue and directly wholly owned by the Company.

WTMAHL is an investment holding company.

LSHKHL

LSHKHL was incorporated in the BVI as a BVI business company on 7 June 2016. Such company is authorised to issue a maximum of 50,000 shares of US$1.00 par value each of a single class, among which 10 shares are in issue and directly wholly owned by the Company.

LSHKHL is an investment holding company.

Lai Si

Lai Si was incorporated in Macau on 8 November 2004 as a limited liability company with share capital of MOP50,000, 70% of which was directly owned by Mr. Stanley Lai, 20% of which was directly owned by Mr. Harry Lai and the remaining 10% was directly owned by Ms. Karen Lai immediately prior to the Reorganisation; while 80% of which is directly owned by LSMAHL and the remaining 20% are directly owned by WTMAHL upon completion of the Reorganisation.

In August 2010, Lai Si and an Independent Third Party incorporated 江蘇華建建設(澳門)有限公司 ("**Jiangsu Hua Jian**") in Macau for the purpose of providing construction-related services. Jiangsu Hua Jian was owned as to 40% by Lai Si and 60% by the Independent Third Party. Jiangsu Hua Jian was inactive during the Track Record Period with no income being recorded. Jiangsu Hua Jian was dissolved in June 2016.

Lai Si commenced business in November 2004 and it provides services of (i) fitting-out works; (ii) construction works; and (iii) repair and maintenance works, all in Macau.

Well Team

Well Team was incorporated in Macau on 5 September 2006 as a limited liability company with share capital of MOP25,000, 20% of which was directly owned by Mr. Stanley Lai, 60% of which was directly owned by Mr. Harry Lai and the remaining 20% was directly owned by Ms. Lai Ieng Fai, being a daughter of Mr. Stanley Lai, immediately prior to the Reorganisation; while 80% of which is directly owned by WTMAHL and the remaining 20% is directly owned by LSMAHL upon completion of the Reorganisation.

Well Team commenced business in September 2006 and it provides services of (i) fitting-out works; (ii) construction works; and (iii) repair and maintenance works, all in Macau.

Lai Si (HK)

Lai Si (HK) was incorporated in Hong Kong on 5 May 2015 as a limited liability company. Among the 10,000 shares in issue, 50% of which was directly owned by Mr. Stanley Lai and the remaining 50% was directly owned by Mr. Harry Lai immediately prior to the Reorganisation; while all of which are directly wholly owned by LSHKHL upon completion of the Reorganisation.

During the Track Record Period, Lai Si (HK) had no business operations. Subsequent to the Track Record Period, Lai Si (HK) commenced to provide services of fitting-out works in Hong Kong.

CORPORATE STRUCTURE

Reorganisation

In preparation for the Listing, the Group underwent the Reorganisation which includes the following steps:

Step 1: Transfer of 20% of the share capital of Well Team from Ms. Lai Ieng Fai to Ms. Karen Lai

(a) On 19 February 2016, Ms. Lai Ieng Fai, being a daughter of Mr. Stanley Lai, transferred 20% of the share capital of Well Team to Ms. Karen Lai for a cash consideration of MOP5,000, which was determined based on the capital of Well Team and settled by Ms. Karen Lai in January 2016.

(b) Upon completion of the aforesaid transfer, Ms. Lai Ieng Fai ceased to hold any interest in Well Team.

Step 2: Incorporation of the corporate Shareholder

(a) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai have incorporated SHKMCL with limited liability in the BVI as the corporate Shareholder.

(b) On 25 May 2016, SHKMCL allotted and issued 50 shares, 30 shares and 20 shares, credited as fully paid at par, to Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai as initial subscribers, respectively.

Step 3: Incorporation of the Company

(a) On 1 June 2016, the Company was incorporated as an exempted company in the Cayman Islands as the ultimate holding company of the Group. The initial authorised share capital of the Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each.

(b) On 1 June 2016, the Company allotted and issued one Share, credited as fully paid at par, to Reid Services Limited, being an Independent Third Party, as the initial subscriber, which then transferred the one Share to SHKMCL on the same day for a cash consideration of HK$0.01, which was determined based on the par value of the Shares and settled by SHKMCL in June 2016.

(c) On 1 June 2016, the Company allotted and issued 49,999 Shares, credited as fully paid at par, to SHKMCL.

Step 4: Incorporation of the intermediate holding companies

(a) On 7 June 2016, the Company incorporated three intermediate holding companies, being LSMAHL, WTMAHL and LSHKHL, all with limited liability, in the BVI for the purpose of holding the operating subsidiaries of the Company.

(b) On 7 June 2016, each of LSMAHL, WTMAHL and LSHKHL allotted and issued 10 shares, credited as fully paid at par, to the Company as the initial subscriber.

Step 5: Sale of Construtor Civil Lai Ieng Man together with all the assets and liabilities thereof to Lai Si

For the purpose of transferring the employment permits for foreign workers held by Construtor Civil Lai Ieng Man to the Group, Mr. Stanley Lai sold Construtor Civil Lai Ieng Man together with all the assets and liabilities thereof to Lai Si on 7 June 2016 for a cash consideration of MOP150,000, which was determined based on an independent valuation report and settled by Lai Si in May 2016.

Step 6: Transfer of the operating subsidiaries to the intermediate holding companies

(a) On 23 January 2017, Mr. Stanley Lai and Ms. Karen Lai transferred 70% and 10% of the share capital of Lai Si to LSMAHL, respectively, for cash consideration of MOP7 and MOP1, respectively.

(b) On 23 January 2017, Mr. Harry Lai transferred 20% of the share capital of Lai Si to WTMAHL for a cash consideration of MOP2.

(c) On 23 January 2017, Mr. Stanley Lai and Mr. Harry Lai transferred 20% and 60% of the share capital of Well Team to WTMAHL, respectively, for cash consideration of MOP2 and MOP6, respectively.

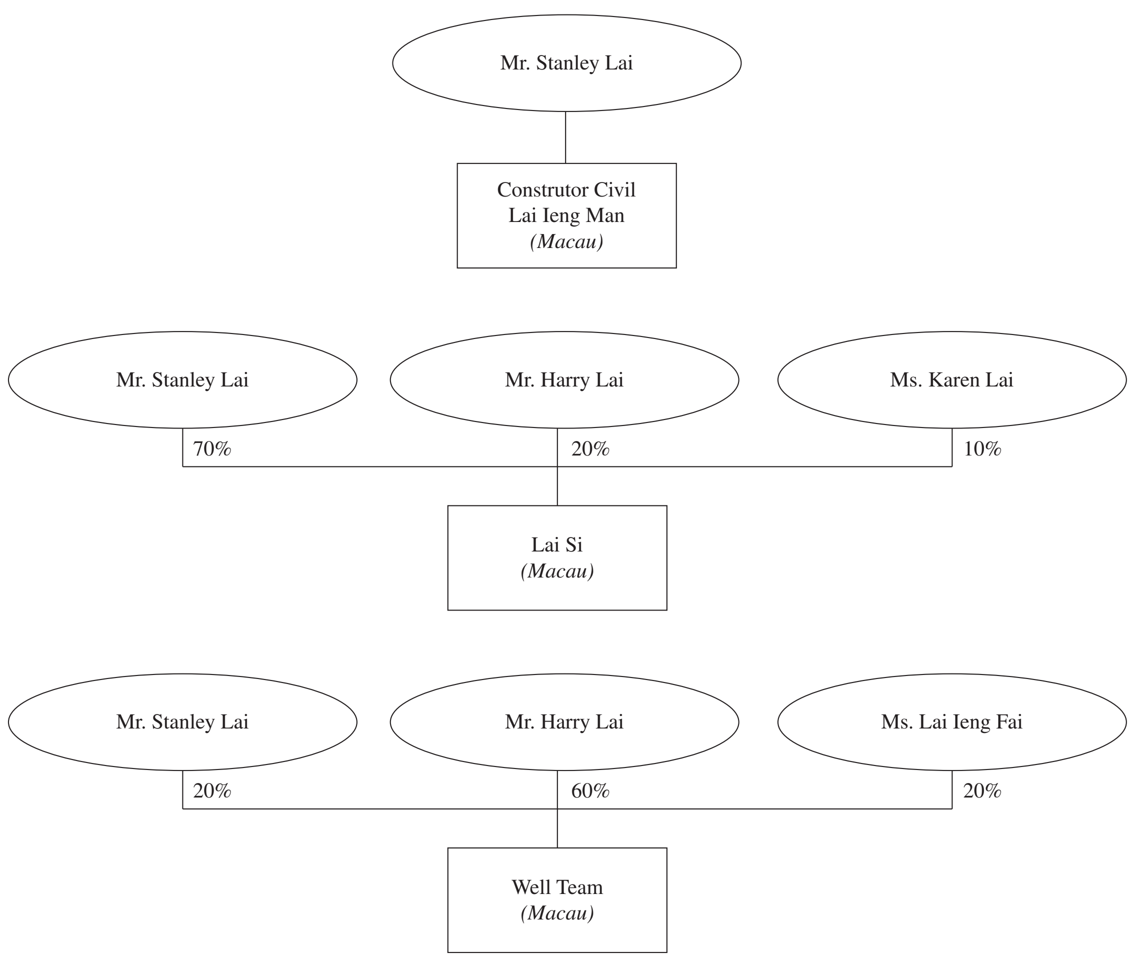
(d) On 23 January 2017, Ms. Karen Lai transferred 20% of the share capital of Well Team to LSMAHL for a cash consideration of MOP2.

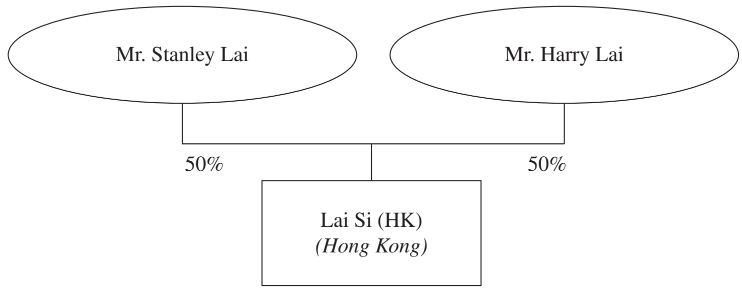
(e) On 18 January 2017, Mr. Stanley Lai and Mr. Harry Lai transferred 50% and 50% of the issued share capital of Lai Si (HK) to LSHKHL, respectively, for cash consideration of HK$5 and HK$5, respectively.

Step 7: Increase in authorised share capital of the Company

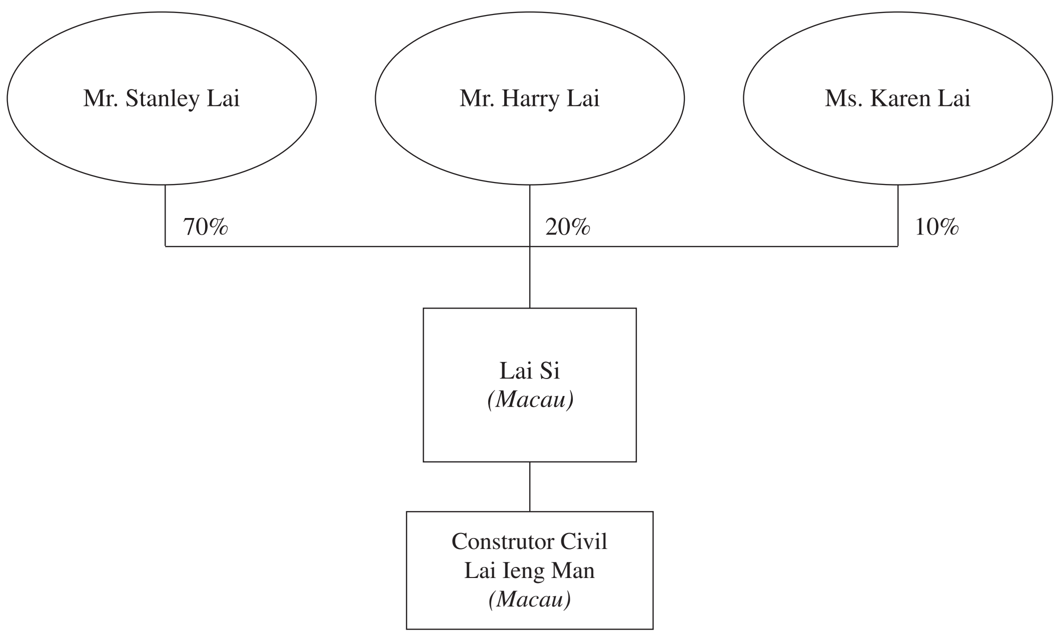
On 18 January 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 Shares of HK$0.01 each by the creation of additional 962,000,000 new Shares, each ranking pari passu in all respects with the Shares then in issue, in the capital of the Company by a shareholder's resolution.

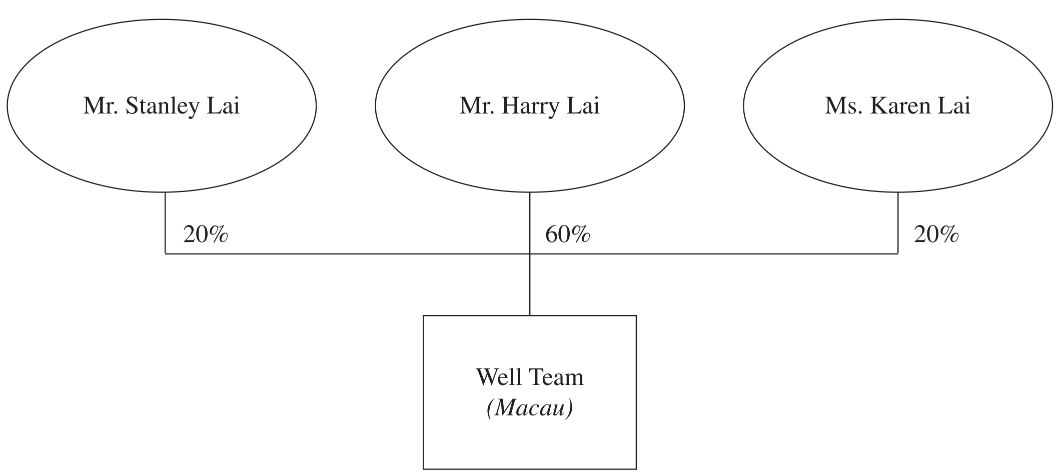
Set out below is the structure of the Group immediately prior to the Reorganisation:

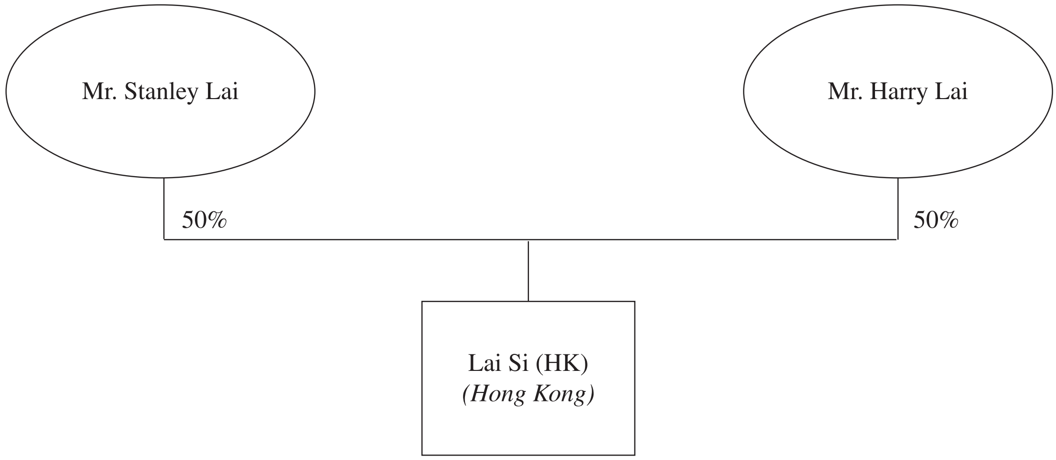


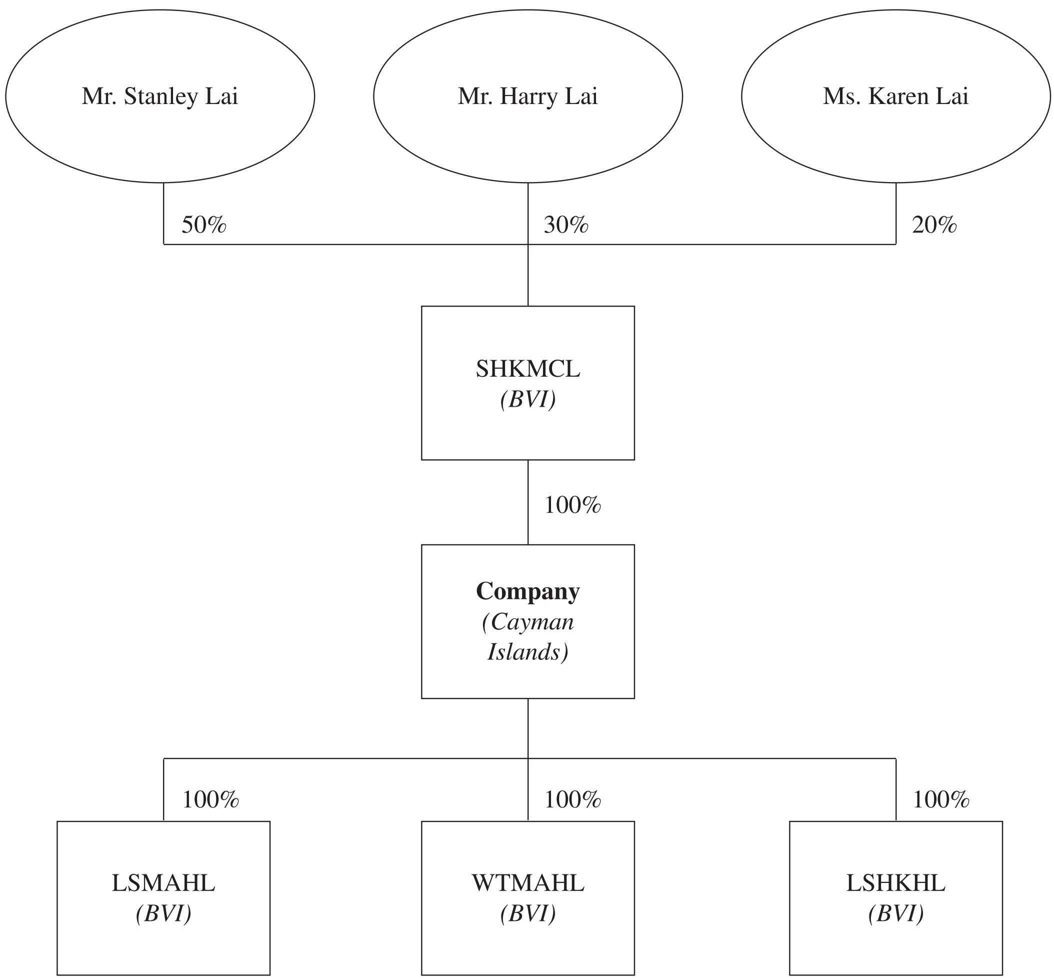


Set out below is the structure of the Group immediately following completion of step 5 of the Reorganisation:

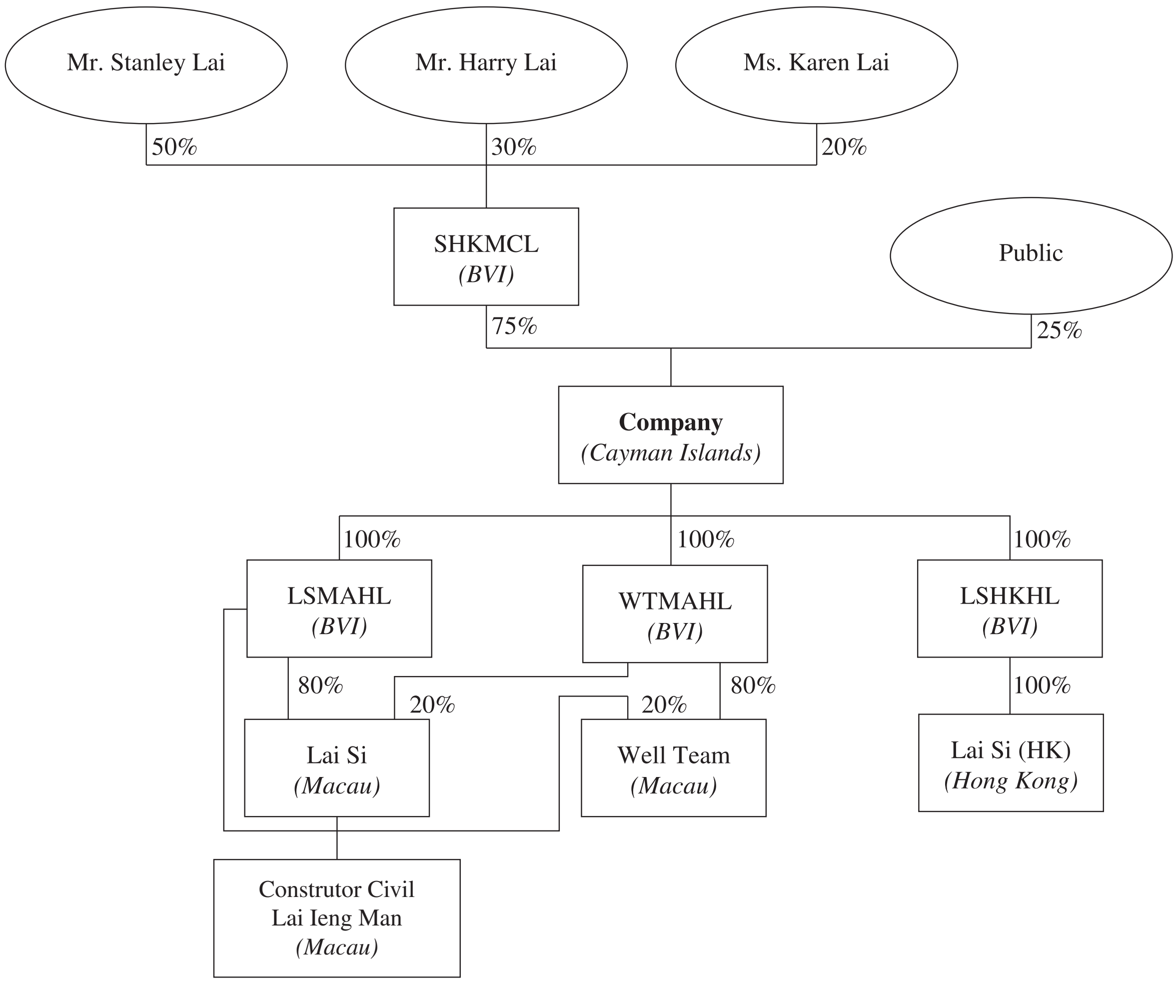





Mr. Stanley Lai
Mr. Harry Lai
50%
50%
Lai Si (HK)
(Hong Kong)


Mr. Stanley Lai
Mr. Harry Lai
Ms. Karen Lai
50%
30%
20%
SHKMCL
(BVI)
100%
Company
(Cayman Islands)
100%
100%
100%
LSMAHL
(BVI)
WTMAHL
(BVI)
LSHKHL
(BVI)

Set out below is the structure of the Group immediately following completion of the Reorganisation, the Share Offer and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme):



OVERVIEW

The Group provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance works, mainly in Macau. For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group's total revenue amounted to approximately MOP59.3 million, MOP117.8 million, MOP220.7 million and MOP129.5 million, respectively. The following table sets forth a breakdown of the Group's revenue during the Track Record Period by business segments:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	%	*MOP'000*	%	*MOP'000*	%	*MOP'000* (unaudited)	%	*MOP'000*	%
Fitting-out works	49,659	83.7	106,722	90.6	216,922	98.3	114,271	97.9	127,573	98.5
Construction works	7,086	11.9	7,377	6.3	1,281	0.6	1,009	0.9	760	0.6
Repair and maintenance works	2,595	4.4	3,654	3.1	2,508	1.1	1,387	1.2	1,193	0.9
Total	59,340	100.0	117,753	100.0	220,711	100.0	116,667	100.0	129,526	100.0

During the Track Record Period, all of the Group's revenue was derived in Macau and the Group undertook projects from both private and public sectors. Public sector projects refer to projects of which the main contractor is employed by the Macau Government or other government agency or statutory body in Macau, while private sector projects refer to projects that are not within the public sector. The following table sets forth a breakdown of the Group's revenue during the Track Record Period attributable to private and public sectors:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	%	*MOP'000*	%	*MOP'000*	%	*MOP'000* (unaudited)	%	*MOP'000*	%
Private sector	56,374	95.0	116,062	98.6	220,183	99.8	116,238	99.7	128,838	99.5
Public sector	2,966	5.0	1,691	1.4	528	0.2	429	0.3	688	0.5
Total	59,340	100.0	117,753	100.0	220,711	100.0	116,667	100.0	129,526	100.0

Fitting-out projects undertaken by the Group during the Track Record Period can be broadly divided into three categories by type of customers, namely (i) hotel and casino; (ii) retail shop and restaurant; and (iii) others, such as the Macau Government and maintenance centre for watches. The Group provides fitting-out works for both new buildings and existing buildings in Macau. A fitting-out project generally involves shop drawing, procurement of materials, execution of fitting-out works, site supervision, management of subcontractors and overall project management. Types of fitting-out works of a typical fitting-out project generally include stone and marble works, carpentry and joinery works, floor carpeting, decorative lighting suspended ceilings, plastering works, steel and metal works, installation of sanitary fittings and wares, fittings, fixture and equipment, glazing works, painting works, wall papering, as well as other associated works. An alteration and addition fitting-out project primarily refers to interior decorative and modification works for existing buildings or units that will alter or change the use of such building or unit. Upon special requirements from the Group's customers, the Group may also provide services in relation to procurement of furniture and other decorative materials to be placed in such area. Customers of the Group's fitting-out works segment primarily include hotel and casino developers and owners, international retailers and restaurant owners.

Construction projects undertaken by the Group during the Track Record Period can be broadly divided into two categories, namely (i) general construction; and (ii) heritage conservation. A construction project generally involves demolition works, building construction works including foundation works, and buildings services systems installation. The Group is also responsible for structural calculation and shop drawing, procurement of materials, site supervision, management of subcontractors and overall project management. As a main contractor, the Group generally subcontracts certain types of works to other subcontractors, including but not limited to, building design, foundation works and building services systems installation. Customers of the Group's construction works segment generally include land owners and the Macau Government.

The Group also provides repair and maintenance services for existing properties in Macau on (i) ad-hoc basis; and (ii) regular basis over a fixed period. Repair and maintenance services provided by the Group generally involve repair or replacement of interior decorative parts such as light bulbs and fixtures, as well as repair and maintenance works for building services systems. Customers of the Group's repair and maintenance works segment mainly include operators of hotel and casino, retail shop and restaurant.

During the Track Record Period, the Group had completed 88 fitting-out projects and 15 construction projects. As at the Latest Practicable Date, the Group had (i) 6 fitting-out projects; (ii) 1 construction project; and (iii) 2 regular repair and maintenance projects in progress.

The Directors believe that the Group's experienced management team with extensive industry knowledge can lead the Group to establish its reputation with proven track record in the fitting-out and construction industry in Macau, and also allow the Group to maintain long term relationship with some of its major customers as well as maintain a stable pool of suppliers and subcontractors. For further details, please refer to the sub-section headed "Competitive strengths" in this section.

According to the Frost & Sullivan Report, the revenue generated from fitting-out industry in Macau increased rapidly from approximately MOP1,522.2 million in 2010 to approximately MOP6,429.0 million in 2015 at a CAGR of approximately 33.4%. With the relatively slowing GDP growth, fitting-out market in Macau is estimated to have a modest growth at a CAGR of approximately 12.4% over the period from 2015 to 2020, and achieve approximately MOP11,539.3 million in the 2020. The growth is driven by the surge of new construction area and increase in total household number. In terms of revenue, the Group was the second largest commercial fitting-out contractor in Macau in 2015, with market share of approximately 6.1%. The fitting-out market in Macau is dominated by major contractors, of which the top five contractors had an aggregate market share of approximately 88.0% in 2015. For further information regarding the competitive landscape of the industry in which the Group operates, please refer to the section headed "Industry overview" in this prospectus.

COMPETITIVE STRENGTHS

The Directors believe that several competitive strengths set the Group apart from its competitors and enable the Group to continue its growth and enhance its profitability. Such competitive strengths include:

Well-established reputation with proven track record in the fitting-out industry and construction industry in Macau

The Group has accumulated over 29 years of experience in the fitting-out and construction industry in Macau. Throughout the Group's operating history, the Directors believe that the Group has built a good reputation in the fitting-out and construction industry in Macau. According to the Frost & Sullivan Report, in terms of revenue, the Group was the second largest commercial fitting-out contractor in Macau in 2015, with market share of approximately 6.1%. The Directors are of the view that the Group's well-established reputation and proven track record in the fitting-out and construction industry in Macau differentiate the Group from its competitors.

Established business relationships with some of the Group's major customers

The Group's major customers include hotel and casino developers and owners, and international retailers. The Group has built a strong rapport with its major customers over the years. The business relationship between the Group and its top five customers during the Track Record Period ranges from 1 to 10 years. Furthermore, recommendations on the Group's fitting-out services have been given by some of its major customers. The Directors believe that customers' satisfaction is a fundamental factor to maintain good and long-term rapport between the Group and its customers, which enables the Group to secure fitting-out or construction projects from these existing customers in the future.

Stable pool of suppliers and subcontractors

The Group has over 29 years of operating history in the fitting-out industry and construction industry in Macau. Throughout this period, the Group has built a stable pool of suppliers and subcontractors. The Group maintains internal lists for approved suppliers and subcontractors, which will be updated by the Group on a continuous basis. For further details of the basis for selection of suppliers and subcontractors, please refer to the sub-sections headed "Suppliers – Basis for selection of suppliers" and "Subcontractors – Basis for selection of subcontractors" in this section.

The Directors consider that having a stable pool of suppliers and subcontractors allows the Group to effectively maintain the quality of its works, including the material and products used and the performance of subcontractors, which is a crucial factor for the Group to secure new business opportunities and maintain good reputation within the industry.

The Group's experienced management team possesses extensive industry knowledge

The Directors consider that the Group's management team possesses the requisite industry knowledge and management experience in project execution and expertise in the fitting-out and construction industry. Three of the executive Directors, namely Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai, each has more than 10 years of experience in the Macau fitting-out and construction industry. Please refer to the section headed "Directors and senior management" in this prospectus for further details of their biographies and relevant industry experiences.

As at the Latest Practicable Date, the Group had 30 employees who possess higher diploma or above in their respective related disciplines. The Directors believe that the expertise, experience and industry knowledge of the Group's management team, together with other skilled employees, act a critical role in delivering up-to-standard works for its fitting-out and construction projects.

The Group has a well-established management system

The Directors believe that the ability to meet the customers' requirements regarding safety, quality and environmental is crucial to the Group's success. The Group has a well-established management system to meet the customers' requirements on safety, quality and environmental aspects which have been accredited with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 since 2009, 2014 and 2014, respectively. The Directors believe that such accreditations represent a sound systematic and effective management system of the Group and hence enhance the customers' confidence in the Group's services.

BUSINESS STRATEGIES

The Group's principal business objective is to further strengthen its position and overall competitiveness of its fitting-out and construction businesses in Macau and to gain a foothold in the fitting-out market in Hong Kong. The Directors intend to pursue the following key strategies to achieve the Group's future expansion plans:

Strengthen the Group's financial capabilities to undertake more new and larger scale fitting-out projects and construction projects

The business operations of the Group are labour intensive. During the Track Record Period, total direct labour costs (including fitting-out projects, construction works and repair and maintenance services) amounted to approximately MOP8.8 million, MOP16.2 million, MOP45.3 million and MOP26.6 million, respectively, representing approximately 24.9%, 27.2%, 28.3% and 28.2% of the total cost of sales of the respective year/period. The Group pays salaries to the full-time employees on a monthly basis and generally settles after the end of each month. In addition, due to the business nature of the Group, the Group's projects normally incur net cash outflows at the early stage of its projects when the Group is required to pay the labour costs as well as setting up expenditure such as prepayment of subcontracting fees, material costs as well as performance bonds. As advised by the Directors, the Group normally incurs net cash outflows of approximately 15% to 20% of the contract sum at the early stage of its projects. The customers make progress payments after the works commence and such works and payments are generally certified by the Group's customers. In addition, the Group's customers normally withhold 5% to 10% of the total contract sum as retention money, which is only fully released to the Group subsequent to the expiry of the relevant defects liability period. During the Track Record Period, the Group utilised the banking facilities, internal resources and/or amount due to related parties to finance the payment.

The cash flow requirement at the initial stage of the Group's projects constraints the number of and size of projects that the Group could take at the same time under the currently available resources. In order to undertake more new projects and/or projects with larger scale in terms of contract sum in the future, the Directors intends to apply part of the proceeds from the Listing to improve the cashflow position and expand the Group's capacity to undertake more new projects which depends on the available cashflow position. Based on the aforesaid and given that the Group has been awarded with 8 new fitting-out projects with an aggregate awarded contract sum of approximately MOP36.2 million and 1 new construction project with an awarded contract sum of approximately MOP25.0 million subsequent to the Track Record Period and up to 30 November 2016, the Directors consider that it is justifiable and intend to utilise approximately HK$49.4 million (equivalent to approximately MOP50.9 million) and approximately HK$17.9 million (equivalent to approximately MOP18.4 million) to strengthen the financial resources on the Group's fitting-out projects and construction projects respectively, which finance the payment of direct labour costs, setting up expenditure of new projects such as prepayment of subcontracting fees, material costs as well as performance bonds. As a result, the Group is able to have sufficient financial resources to undertake more new projects and/or projects of larger scale in terms of contract sum to capture the growth in market size of fitting-out market and construction market in Macau as well as allowing the Group to reduce the reliance on the banking facilities so as to lower or maintain its gearing ratio and have better control on interest expenses. In addition, the Directors consider that the competition for such large scale projects are high and the Directors expect to lower the margin of such large scale fitting-out projects to increase competitiveness of its tender. As such, the Group may not be able to maintain its gross profit margins at similar levels than that of each of the two years ended 31 December 2014. For further details of such risk, please refer to the section headed "Risk factors – Risks relating to the Group's business – The Group may not be able to maintain its gross profit margins as the Group implement its business strategies to undertake larger scale projects in the future" in this prospectus.

Further strengthen the Group's in-house team of experienced personnel

According to the Frost & Sullivan Report, in terms of revenue, the Group was the second largest commercial fitting-out contractor in Macau in 2015, with market share of approximately 6.1%. In order to maintain the Group's competitiveness and market position, the Group considers that it is crucial to strengthen the Group's in-house team of staff and/or professionals.

During the Track Record Period, the Group generally entered into the fitting-out projects and construction projects by way of invitation of tenders from the customers and the customers usually maintain its approved list of services providers. The Directors consider that it is crucial for the Group to be on the approved lists of the potential new customers in order to be invited for tendering. Based on the aforesaid and in order to explore new customers to achieve business growth given the growing fitting-out industry and construction industry in Macau, the Group intends to hire 2 business development managers with at least 8 years of relevant industry experience in Macau and will be responsible for exploring and soliciting new customers in Macau.

In addition, the Directors believe that the success of the Group is mainly due to its ability to provide quality services to its customers. In order to maintain the Group's competitiveness and further enhance the control on the quality of services, the Directors intend to recruit 2 addition senior project managers with at least 10 years of experience of relevant industry experience and will be responsible for all aspects of the project including general project management, communicating with other team members, coordinating with the customers' team and subcontractors, quality control management, supervising the work progress and budget monitoring.

In order to maintain the Group's competitiveness and market share given the intense competition in fitting-out industry and construction industry in Macau, the Directors consider that it is justifiable to utilise approximately HK$4.5 million (equivalent to approximately MOP4.6 million) to expand the Group's in-house team of experienced personnel with an aim to further enhance the control on the quality of services provided to customers and solicit new customers to capture business growth.

Expand the Group's market coverage to gain a foothold in the fitting-out market in Hong Kong

According to the Frost & Sullivan Report, the fitting-out market in Hong Kong is expected to have a growth rate at a CAGR of approximately 10.2%, reaching approximately HK$11,741.2 million by the end of 2020. Such growth is stimulated by the steady economic growth and the growing property market while Hong Kong commercial fitting-out market was expected to maintain a stable growth at a CAGR of approximately 8.6%, from approximately HK$4,007.8 million in 2015 to approximately HK$6,062.2 million in 2020, driven by the increasing number of offices in industrial areas and the growing demand for renovation work of retail stores.

Given the growth potential in the fitting-out market in Hong Kong, the Group plans to leverage on its competitive strengths to capture business opportunities in Hong Kong. The Directors believe that the Group's competitive strengths and its past track record in Macau will put them in the position to compete against other market players for the fitting-out projects in Hong Kong. The Group plans to set up an office to undertake projects in order to gain a foothold in the fitting-out market in Hong Kong. For further details regarding the licenses and permits required to operate fitting-out business in Hong Kong, please refer to section headed "Regulatory overview" in this prospectus. Set out below a summary of the various aspects of the Group's intended business expansion to Hong Kong:

Aspects	**Details**
Method:	By setting up a new office and recruit manpower for the operations of the business in Hong Kong.
Operational:	The Group intends to undertake fitting-out projects in Hong Kong. The Group plans to develop and recruit a team of 2 senior project managers with extensive business network in Hong Kong to be stationed in Hong Kong to explore business opportunities. The Hong Kong team will be managed by the senior management of the Group who possesses extensive experience in the relevant industry in Hong Kong. Regarding the execution of fitting-out works, the Group intends to engage subcontractors to undertake works at the initial stage of the business. The Group will then maintain a list of approved subcontractors in Hong Kong according to the Group's policy. The Group will perform quality control on subcontractors according to the Group's policy. The Directors believe that the Group has the ability to ensure the quality of works and services provided by the subcontractors in Hong Kong.

Aspects	Details
Target customers:	The Group intends to explore new corporate customers in retail, office and food and beverage industries as well as existing customers who have business presence in Hong Kong.
Marketing:	The Group intends to solicit new customers through the recruitment of new business development staff. In addition, the Group plans to distribute company brochure to potential customers. Further, the Group intends to contact existing customers who have business presence in Hong Kong to seek for potential projects.

Based on the growth potential of the fitting-out market in Hong Kong for the coming years, the Directors consider that it is justifiable to utilise approximately HK$9.0 million (equivalent to approximately MOP9.3 million) to expand the Group's market coverage to gain a foothold in the fitting-out market in Hong Kong. In particular, the breakdown of the utilisation of the proceeds is as follows:

- approximately HK$2.0 million (equivalent to approximately MOP2.1 million) will be utilised for the leasing of office, renovation costs and rental payment;
- approximately HK$3.0 million (equivalent to approximately MOP3.1 million) will be utilised for the operating expenses;
- approximately HK$3.0 million (equivalent to approximately MOP3.1 million) will be utilised for the staff costs or labour costs; and
- approximately HK$1.0 million (equivalent to approximately MOP1.0 million) will be utilised for the miscellaneous costs such as marketing and transportation expenses.

SUSTAINABILITY OF THE GROUP'S BUSINESS

The Directors are of the view that the Group's business are sustainable based on the factors set out below:

(i) the Group has a proven track record with growth in both revenue and profit during the Track Record Period;

(ii) according to the Frost & Sullivan Report, in terms of revenue, the Group was the second largest commercial fitting-out contractor in Macau in 2015, with market share of approximately 6.1%;

(iii) the fitting-out market in Macau is estimated to have a modest growth at a CAGR of approximately 12.4% over the period from 2015 to 2020 and achieve approximately MOP11,539.3 million in 2020. The growth is driven by the surging new construction area and increasing in total household number. For the construction market in Macau, it is expected that the market size will be increased to approximately MOP190.9 billion in 2020 at a CAGR of approximately 17.6% from 2015;

(iv) subsequent to the Track Record Period and up to 30 November 2016, the Group has been awarded with 8 fitting-out projects and 1 construction project, collectively have an aggregate awarded contract sum of approximately MOP61.2 million, of which approximately MOP16.6 million has been recognised up to 30 November 2016;

(v) as detailed in the sub-section headed "Business strategies" in this section, the Group intends to apply net proceeds from the Share Offer to expand its fitting-out business by gaining a foothold in Hong Kong and targeting new corporate customers;

(vi) according to the Frost & Sullivan Report, the commercial fitting-out market in Hong Kong is expected to maintain a stable growth at a CAGR of approximately 8.6%, from approximately HK$4,007.8 million in 2015 to approximately HK$6,062.2 million in 2020, driven by the increasing number of offices in industrial areas and the growing demand for renovation work of retail stores; and

(vii) during the Track Record Period, the Group obtained bank borrowings secured by the personal guarantees from the Controlling Shareholders. The Directors are of the view that after the Listing, the Group will be able to obtain bank borrowings without personal guarantees and/or collaterals by the Controlling Shareholders and hence the reliance on the Controlling Shareholders will be reduced and the Group's sustainability can be further enhanced.

Based on the above factors and coupled with the competitive strengths of the Group as detailed in the sub-section headed "Competitive strengths" in this section, the Directors are of the view that the Group's business is sustainable.

SERVICES PROVIDED BY THE GROUP

The Group provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance works, mainly in Macau. For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group's total revenue amounted to approximately MOP59.3 million, MOP117.8 million, MOP220.7 million and MOP129.5 million, respectively. The following table sets forth a breakdown of the Group's revenue during the Track Record Period by business segments:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	%	*MOP'000*	%	*MOP'000*	%	*MOP'000* (unaudited)	%	*MOP'000*	%
Fitting-out works	49,659	83.7	106,722	90.6	216,922	98.3	114,271	97.9	127,573	98.5
Construction works	7,086	11.9	7,377	6.3	1,281	0.6	1,009	0.9	760	0.6
Repair and maintenance works	2,595	4.4	3,654	3.1	2,508	1.1	1,387	1.2	1,193	0.9
Total	59,340	100.0	117,753	100.0	220,711	100.0	116,667	100.0	129,526	100.0

During the Track Record Period, all of the Group's revenue was derived in Macau and the Group undertook projects from both private and public sectors. Public sector projects refer to projects of which the main contractor is employed by the Macau Government or other government agency or statutory body in Macau, while private sector projects refer to projects that are not within the public sector in Macau. The following table sets forth a breakdown of the Group's revenue during the Track Record Period attributable to private and public sectors:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	%	*MOP'000*	%	*MOP'000*	%	*MOP'000* (unaudited)	%	*MOP'000*	%
Private sector	56,374	95.0	116,062	98.6	220,183	99.8	116,238	99.7	128,838	99.5
Public sector	2,966	5.0	1,691	1.4	528	0.2	429	0.3	688	0.5
Total	59,340	100.0	117,753	100.0	220,711	100.0	116,667	100.0	129,526	100.0

Fitting-out works

The Group is an integrated fitting-out contractor in carrying out fitting-out projects for both new buildings and existing buildings in Macau. Fitting-out projects undertaken by the Group generally involve shop drawing, procurement of materials, execution of fitting-out works, site supervision, management of subcontractors and overall project management. Types of fitting-out works of a typical fitting-out project generally include stone and marble works, carpentry and joinery works, floor carpeting, decorative lighting suspended ceilings, plastering works, steel and metal works, installation of sanitary fittings and wares, fittings, fixture and equipment, glazing works, painting works, wall papering, as well as other associated works. An alteration and addition fitting-out project primarily refers to interior decorative and modification works for existing buildings or units that will alter or change the use of such building or unit. Upon special requirements from the Group's customers, the Group may also provide services in relation to procurement of furniture and other decorative materials to be placed in such area. Customers of the Group's fitting-out works segment include hotel and casino developers and owners, international retailers and restaurant owners.

Fitting-out projects undertaken by the Group during the Track Record Period can be broadly divided into three categories by type of customers, namely (i) hotel and casino; (ii) retail shop and restaurant; and (iii) others, such as the Macau Government and maintenance centre for watches. The following table sets forth a breakdown of the Group's revenue attributable to the fitting-out works during the Track Record Period by categories:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	%	*MOP'000*	%	*MOP'000*	%	*MOP'000* (unaudited)	%	*MOP'000*	%
Hotel and casino	21,910	44.1	72,643	68.1	138,154	63.7	74,271	65.0	74,327	58.3
Retail shop and restaurant	26,904	54.2	34,079	31.9	78,104	36.0	39,345	34.4	53,246	41.7
Others	845	1.7	–	–	664	0.3	655	0.6	–	–
Total	49,659	100.0	106,722	100.0	216,922	100.0	114,271	100.0	127,573	100.0

Hotel and casino

Fitting-out projects for hotel and casino refer to projects awarded to the Group by hotel and casino developers and owners, or their main contractors. A hotel and casino fitting-out project primarily refers to interior decorative works for the designated areas within a new or existing hotel and casino, such as entrance lobbies, lift lobbies, spa and fitness facilities, common areas in the shopping mall and other functional places such as VIP junkets.

Retail shop and restaurant

Fitting-out projects for retail shop and restaurant refer to projects awarded to the Group by international retailers or restaurant owners. A retail shop and restaurant fitting-out project primarily refers to interior decorative works within a shop or a restaurant, regardless of whether it is a new or an existing unit.

Others

Fitting-out projects for others refer to projects awarded to the Group by customers other than hotel and casino developers and owners, international retailers nor restaurant owners. During the Track Record Period, the Group's fitting-out projects for others included interior decorative works for offices and police station.

Fitting-out projects awarded to the Group during the Track Record Period

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group had been awarded 34, 26, 23 and 17 fitting-out projects, respectively. The following table sets forth a breakdown of the fitting-out projects awarded to the Group during the Track Record Period by categories:

	Year ended 31 December			**Seven months ended 31 July**
	2013	**2014**	**2015**	**2016**
	Number of projects awarded	*Number of projects awarded*	*Number of projects awarded*	*Number of projects awarded*
Hotel and casino	9	14	5	1
Retail shop and restaurant	25	12	16	16
Others	–	–	2	–
Total	34	26	23	17

The following table sets forth a breakdown of the fitting-out projects awarded to the Group during the Track Record Period by range of awarded contract sum:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects awarded	*Number of projects awarded*	*Number of projects awarded*	*Number of projects awarded*
Awarded contract sum *(Note)*				
MOP100,000,000 or above	–	1	–	–
MOP10,000,000 to below MOP100,000,000	–	4	5	2
MOP5,000,000 to below MOP10,000,000	1	2	–	–
MOP1,000,000 to below MOP5,000,000	14	13	14	8
Below MOP1,000,000	19	6	4	7
	34	26	23	17

Note: The awarded contract sum does not take into account any variation orders issued by the customers and is only based on the initial engagement agreement entered into or quotation agreed upon between the Group and its customers.

Although the total number of fitting-out projects awarded to the Group during the Track Record Period demonstrated a decreasing trend, the number of fitting-out projects awarded to the Group with an awarded contract sum of over MOP10,000,000 increased from nil for the year ended 31 December 2013 to 5 for each of the two years ended 31 December 2015. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the total value for the new fitting-out projects awarded to the Group, representing the aggregate awarded contract sum, amounted to approximately MOP45.4 million, MOP303.2 million, MOP162.9 million and MOP71.2 million, respectively. Among these fitting-out projects awarded to the Group during the Track Record Period, the largest fitting-out project has an awarded contract sum of approximately MOP168.1 million and an expected project period of approximately 23 months. The Directors consider that these fitting-out projects with larger scale would be able to provide sustainable income for the Group. For details of the Group's backlog of fitting-out projects, please refer to the sub-section headed "Services provided by the Group – Fitting-out works – Backlog of fitting-out projects" in this section.

Fitting-out projects that contributed revenue to the Group during the Track Record Period

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, revenue generated from the fitting-out works segment was attributable to 31, 34, 36 and 32 fitting-out projects, respectively, a breakdown of which are set out as below:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects	*Number of projects*	*Number of projects*	*Number of projects*
Revenue recognised during the year/period				
MOP20,000,000 above	–	–	4	1
MOP10,000,000 to below MOP20,000,000	1	4	3	4
MOP5,000,000 to below MOP10,000,000	–	3	–	3
MOP1,000,000 to below MOP5,000,000	12	14	14	4
Below MOP1,000,000	18	13	15	20
Total	31	34	36	32

Fitting-out projects completed by the Group during the Track Record Period

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group had completed 28, 25, 24 and 11 fitting-out projects, respectively. The following table sets forth a breakdown of the fitting-out projects completed by the Group during the Track Record Period by categories:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects completed	*Number of projects completed*	*Number of projects completed*	*Number of projects completed*
Hotel and casino	6	12	5	3
Retail shop and restaurant	21	13	17	8
Others	1	–	2	–
Total	28	25	24	11

The following table sets forth a breakdown of the fitting-out projects completed by the Group during the Track Record Period by range of accumulated revenue recognised:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects completed	*Number of projects completed*	*Number of projects completed*	*Number of projects completed*
Accumulated revenue recognised				
MOP10,000,000 or above	1	3	4	2
MOP5,000,000 to below MOP10,000,000	1	1	1	–
MOP1,000,000 to below MOP5,000,000	12	11	13	5
Below MOP1,000,000	14	10	6	4
Total	28	25	24	11

The following table sets forth the top ten fitting-out projects completed by the Group during the Track Record Period in descending order by accumulated revenue recognised:

					Revenue recognised				
					For the year ended 31 December			For the seven months ended 31 July	
No.	**Location of project**	**Category**	**Project period** *months*	**Awarded contract sum** *(Note 1)* *million*	**2013** *MOP million*	**2014** *MOP million*	**2015** *MOP million*	**2016** *MOP million*	**Accumulated revenue recognised** *MOP million*
1.	A spa centre in a hotel located in Cotai, Macau	Retail shop and restaurant	16	HK$30.0 (equivalent to approximately MOP30.9)	–	–	15.8	16.8	32.6
2.	Spa and gym facilities in a hotel located in Cotai, Macau	Hotel and casino	18	MOP29.6	–	3.1	27.5	1.2	31.8
3.	A family entertainment centre in a hotel located in Cotai, Macau	Hotel and casino	9	HK$21.3 (equivalent to approximately MOP22.0)	–	–	27.7	–	27.7
4.	An apparel shop located in Cotai, Macau	Retail shop and restaurant	8	MOP20.5	–	–	21.1	–	21.1
5.	Four retail shops located in Cotai, Macau	Retail shop and restaurant	3	HK$12.6 (equivalent to approximately MOP13.0)	2.3	0.1	–	–	19.7 *(Note 2)*
6.	A bar located in Cotai, Macau	Hotel and casino	24	HK$15.0 (equivalent to approximately MOP15.5)	11.9	–	–	–	18.9 *(Note 3)*

No.	Location of project	Category	Project period *months*	Awarded contract sum *(Note 1) million*	Revenue recognised: For the year ended 31 December 2013 *MOP million*	2014 *MOP million*	2015 *MOP million*	For the seven months ended 31 July 2016 *MOP million*	Accumulated revenue recognised *MOP million*
7.	A gift redemption shop in a casino located in Cotai, Macau	Hotel and casino	4	MOP2.3	–	15.0	–	–	15.0
8.	A men's apparel shop located in Cotai, Macau	Retail shop and restaurant	3	HK$11.4 (equivalent to approximately MOP11.7)	–	12.3	–	–	12.3
9.	A gaming area in a casino located in Cotai, Macau	Hotel and casino	1	HK$8.1 (equivalent to approximately MOP8.3)	–	11.5	–	–	11.5
10.	A watch and fine jewellery shop located in Macau Square, Macau	Retail shop and restaurant	6	HK$10.0 (equivalent to approximately MOP10.3)	–	–	11.3	–	11.3

Notes:

1. The awarded contract sum does not take into account any variation orders issued by the customers and is only based on the initial engagement agreement entered into or quotation agreed upon between the Group and its customers.

2. Approximately MOP17.3 million was recognised prior to the Track Record Period.

3. Approximately MOP7.0 million was recognised prior to the Track Record Period.

Backlog of fitting-out projects

As at 31 December 2013, 2014 and 2015 and 31 July 2016, the Group had a total of 12, 13, 12 and 18 fitting-out projects in backlog, respectively. The following table sets forth the movement of the Group's fitting-out projects during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
Opening number of fitting-out projects *(Note 1)*	6	12	13	12
Number of fitting-out projects awarded *(Note 2)*	34	26	23	17
Number of fitting-out projects completed *(Note 3)*	(28)	(25)	(24)	(11)
Closing number of fitting-out projects *(Note 4)*	12	13	12	18

Notes:

1. Opening number of fitting-out projects refer to fitting-out projects with engagement confirmed and not yet completed as at the beginning of the relevant year/period indicated.

2. Number of fitting-out projects awarded refers to fitting-out projects awarded to the Group during the relevant year/period indicated.

3. Number of fitting-out projects completed refers to fitting-out projects completed by the Group during the relevant year/period indicated.

4. Closing number of fitting-out projects refer to fitting-out projects with engagement confirmed and not yet completed as at the end of the relevant year/period indicated.

As at 31 December 2013, 2014 and 2015 and 31 July 2016, the Group's value of backlog for fitting-out works amounted to approximately MOP36.9 million, MOP233.4 million, MOP179.4 million and MOP123.0 million, respectively. The following table sets forth the movement of the Group's fitting-out projects during the Track Record Period:

	Year ended 31 December			**Seven months ended 31 July**
	2013	**2014**	**2015**	**2016**
	MOP million	*MOP million*	*MOP million*	*MOP million*
Opening value of backlog *(Note 1)*	41.2	36.9	233.4	179.4
Total value of new fitting-out projects awarded *(Note 2)*	45.4	303.2	162.9	71.2
Revenue recognised *(Note 3)*	(49.7)	(106.7)	(216.9)	(127.6)
Closing value of backlog	36.9	233.4	179.4	123.0

Notes:

1. Opening value of backlog refers to the aggregate awarded contract sum, excluding variation orders, of the opening fitting-out projects as at the beginning of the relevant year/period indicated.

2. Total value of new fitting-out projects awarded refers to the aggregated awarded contract sum, excluding variation orders, of the fitting-out projects awarded to the Group during the relevant year/period indicated.

3. Revenue recognised refers to the aggregated revenue recognised from fitting-out projects during the relevant year/period indicated.

4. Closing value of backlog refers to the aggregate contract sum, excluding variation orders, of the opening fitting-out projects as at the end of the relevant year/period indicated.

On-going fitting-out projects as at the Latest Practicable Date

As at the Latest Practicable Date, the Group had 6 on-going fitting-out projects, which represents projects that had commenced but not yet completed. Details of which are set out in the following table in descending order by awarded contract sum:

No.	Location of project	Category	Expected completion date	Expected project period *months*	Awarded contract sum *(Note)* *million*	Accumulated revenue recognised as at the Latest Practicable Date *MOP million*
1.	Spa and gym facilities of a hotel located in Cotai, Macau	Hotel and casino	June 2017	17	MOP42.3	25.9
2.	A restaurant in a hotel located in Cotai, Macau	Hotel and casino	January 2017	4	MOP30.8	22.0
3.	A VIP and junket lobby in a casino located in Cotai, Macau	Hotel and casino	June 2017	19	MOP29.7	22.7
4.	The commissary kitchen in a hotel located in Cotai, Macau	Hotel and casino	January 2017	11	MOP26.5	26.3
5.	An apparel shop in a hotel located in Cotai, Macau	Hotel and casino	April 2017	5	HK$15 (equivalent to approximately MOP15.5)	3.5
6.	A headquarter of a private club located in Hong Kong	Others	February 2017	4	HK$1.5 (equivalent to approximately MOP1.5)	0.9

Note: The awarded contract sum does not take into account any variation orders issued by the customers and is only based on the initial engagement agreement entered into or quotation agreed upon between the Group and its customers.

Loss-making fitting-out projects completed during the Track Record Period

During the Track Record Period, there were two loss-making completed fitting-out projects with losses of approximately MOP11,000 and MOP314,000, respectively. The Directors consider that the losses for these two projects were immaterial and the reasons for these loss-making projects were due to (i) lower tender price for developing business relationship with the customers concerned; and (ii) mismanagement by the relevant project managers which in turn incurred extra costs to complete these projects. Save as disclosed above, the Group did not have any other loss-making completed fitting-out projects during the Track Record Period and up to the Latest Practicable Date.

Construction works

The Group is a main contractor in carrying out construction projects in Macau. Construction projects undertaken by the Group generally involve demolition works, building construction works including foundation works, and buildings services systems installation. The Group is also responsible for structural calculation and shop drawing, procurement of materials, site supervision, management of subcontractors and overall project management. As a main contractor, the Group generally subcontracts certain types of works to other subcontractors, including but not limited to, building design, foundation works and building services systems installation. Customers of the Group's construction works segment include land owners and the Macau Government.

Construction projects undertaken by the Group during the Track Record Period can be broadly divided into two categories, namely (i) general construction; and (ii) heritage conservation. The following table sets forth a breakdown of the Group's revenue attributable to the constriction works during the Track Record Period by categories:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	*%*	*MOP'000*	*%*	*MOP'000*	*%*	*MOP'000* (unaudited)	*%*	*MOP'000*	*%*
General construction	6,090	85.9	5,794	78.5	1,227	95.8	955	94.6	760	100.0
Heritage conservation	996	14.1	1,583	21.5	54	4.2	54	5.4	–	–
Total	7,086	100.0	7,377	100.0	1,281	100.0	1,009	100.0	760	100.0

General construction

The Group generally enters into general construction projects with land owners. A general construction project primarily refers to the construction works of a new building.

Heritage conservation

The Group generally enters into heritage conservation projects with the Macau Government. A heritage conservation project primarily refers to the structural rehabilitation works for a heritage building.

Construction projects awarded to the Group during the Track Record Period

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group had been awarded 5, 3, 2 and 5 construction project(s), respectively. The following table sets forth a breakdown of the construction projects awarded to the Group during the Track Record Period by categories:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects awarded	*Number of projects awarded*	*Number of projects awarded*	*Number of projects awarded*
General construction	5	2	2	4
Heritage conservation	–	1	–	1
Total	5	3	2	5

The following table sets forth a breakdown of the construction projects awarded to the Group during the Track Record Period by range of awarded contract sum:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects awarded	*Number of projects awarded*	*Number of projects awarded*	*Number of projects awarded*
Awarded contract sum *(Note)*				
MOP10,000,000 or above	–	–	–	1
MOP1,000,000 to below MOP10,000,000	2	–	–	1
MOP500,000 to below MOP1,000,000	2	1	1	–
Below MOP500,000	1	2	1	3
	5	3	2	5

Note: The awarded contract sum does not take into account any variation orders issued by the customers and is only based on the initial engagement agreement entered into or quotation agreed upon between the Group and its customers.

Construction projects completed by the Group during the Track Record Period

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group had completed 6, 4, 4 and 1 construction project(s), respectively. The following table sets forth a breakdown of the construction projects completed by the Group during the Track Record Period by categories:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects completed	*Number of projects completed*	*Number of projects completed*	*Number of projects completed*
General construction	6	3	4	1
Heritage conservation	–	1	–	–
Total	6	4	4	1

The following table sets forth a breakdown of the construction projects completed by the Group during the Track Record Period by range of accumulated revenue recognised:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects completed	*Number of projects completed*	*Number of projects completed*	*Number of projects completed*
Accumulated revenue recognised				
MOP1,000,000 or above	1	1	3	–
MOP500,000 to below MOP1,000,000	2	1	–	1
Below MOP500,000	3	2	1	–
Total	6	4	4	1

The following table sets forth the top five construction projects completed by the Group during the Track Record Period in descending order by accumulated revenue recognised:

No.	Location of project	Category	Project period	Awarded contract sum (*Note 1*)	Revenue recognised For the year ended 31 December 2013	2014	2015	For the seven months ended 31 July 2016	Accumulated revenue recognised
			months	*million*	*MOP million*	*MOP million*	*MOP million*	*MOP million*	*MOP million*
1.	A 7 storey building located in Macau Peninsula, Macau	General construction	16	MOP4.4	0.6	2.9	0.8	0.03	4.4 (*Note 2*)
2.	A 3 storey building located in Macau Peninsula, Macau	Heritage conservation	35	MOP2.3	1.0	1.1	0.05	–	2.9 (*Note 3*)
3.	A 4 storey building located in Macau Peninsula, Macau	General construction	58	MOP2.5	1.8	0.4	0.02	0.02	2.4 (*Note 4*)
4.	A 6 storey building located in Macau Peninsula, Macau	General construction	31	HK$1.9 (equivalent to approximately MOP2.0)	0.6	1.3	0.001	0.003	2.0 (*Note 5*)
5.	A shipyard located in Macau Peninsula, Macau	General construction	12	MOP1.9	1.0	–	–	–	1.7 (*Note 6*)

Notes:

1. The awarded contract sum does not take into account any variation orders issued by the customers and is only based on the initial engagement agreement entered into or quotation agreed upon between the Group and its customers.

2. Approximately MOP0.1 million was recognised prior to the Track Record Period.

3. Approximately MOP0.7 million was recognised prior to the Track Record Period.

4. Approximately MOP0.2 million was recognised prior to the Track Record Period.

5. Approximately MOP0.1 million was recognised prior to the Track Record Period.

6. Approximately MOP0.7 million was recognised prior to the Track Record Period.

Backlog of construction projects

As at 31 December 2013, 2014 and 2015 and 31 July 2016, the Group had a total of 4, 3, 1 and 5 construction projects in backlog, respectively. The following table sets forth the movement of the Group's construction projects during the Track Record Period:

	Year ended 31 December			**Seven months ended 31 July**
	2013	**2014**	**2015**	**2016**
Opening number of construction projects *(Note 1)*	5	4	3	1
Number of construction projects awarded *(Note 2)*	5	3	2	5
Number of construction projects completed *(Note 3)*	(6)	(4)	(4)	(1)
Closing number of construction projects *(Note 4)*	4	3	1	5

Notes:

1. Opening number of construction projects refer to construction projects with engagement confirmed and not yet completed as at the beginning of the relevant year/period indicated.

2. Number of construction projects awarded refers to construction projects awarded to the Group during the relevant year/period indicated.

3. Number of construction projects completed refers to construction projects completed by the Group during the relevant year/period indicated.

4. Closing number of construction projects refer to construction projects with engagement confirmed and not yet completed as at the end of the relevant year/period indicated.

As at 31 December 2013, 2014 and 2015 and 31 July 2016, the Group's value of backlog amounted to approximately MOP8.0 million, MOP1.6 million, MOP0.9 million and MOP44.5 million, respectively. The following table sets forth the movement of the Group's construction projects during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	MOP million	*MOP million*	*MOP million*	*MOP million*
Opening value of backlog *(Note 1)*	6.8	8.0	1.6	0.9
Total value of new construction projects awarded *(Note 2)*	8.3	1.0	0.6	44.4
Revenue recognised *(Note 3)*	(7.1)	(7.4)	(1.3)	(0.8)
Closing value of backlog	8.0	1.6	0.9	44.5

Notes:

1. Opening value of backlog refers to the aggregate contract sum, excluding variation orders, of the opening construction projects as at the beginning of the relevant year/period indicated.
2. Total value of new construction projects awarded refers to the aggregated awarded contract sum, excluding variation orders, of the construction projects awarded to the Group during the relevant year/period indicated.
3. Revenue recognised refers to the aggregated revenue recognised from construction projects during the relevant year/period indicated.
4. Closing value of backlog refers to the aggregate contract sum, excluding variation orders, of the opening construction projects as at the end of the relevant year/period indicated.

On-going construction projects as at the Latest Practicable Date

As at the Latest Practicable Date, the Group had 1 on-going project, which represents the project that had commenced but not yet completed. Details of which are set out in the following table:

No.	Location of project	Category	Expected completion date	Expected project period	Awarded contract sum *(Note)*	Accumulated revenue recognised as at the Latest Practicable Date
				months	*MOP million*	*MOP million*
1.	A headquarter of a charitable fund in Macau Peninsula, Macau	Heritage conservation	August 2017	11	25.0	4.4

Note: The awarded contract sum does not take into account any variation orders issued by the customers and is only based on the initial engagement agreement entered into or quotation agreed upon between the Group and its customers.

Repair and maintenance works

The Group provides repair and maintenance services for existing properties in Macau on (i) ad-hoc basis; and (ii) regular basis over a fixed period. Repair and maintenance services provided by the Group generally involve repair or replacement of interior decorative parts such as light bulbs and fixtures, as well as repair and maintenance works for building services systems. Customers of the Group's repair and maintenance works segment mainly include operators of hotel and casino, retail shop and restaurant.

The following table sets forth the Group's revenue attributable to the repair and maintenance works provided by the Group during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Repair and maintenance works	2,595	3,654	2,508	1,387	1,193

Regular repair and maintenance projects awarded to the Group during the Track Record Period

During the seven months ended 31 July 2016, the Group had been awarded 2 regular repair and maintenance projects with an aggregate awarded contract sum of approximately MOP0.9 million.

On-going regular repair and maintenance projects as at Latest Practicable Date

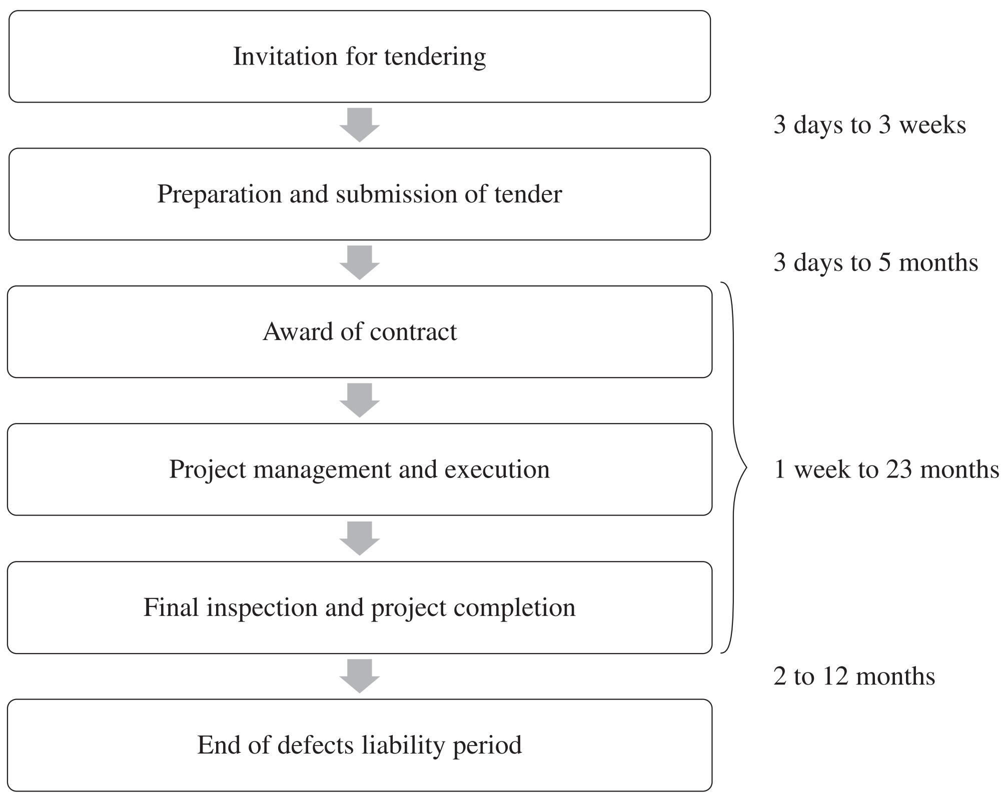
As at the Latest Practicable Date, the Group had 2 on-going regular repair and maintenance projects. Details of which are set out in the following table in descending order by awarded contract sum:

No.	**Location of project**	**Scope of services**	**Services term**	**Awarded contract sum**	**Accumulated revenue recognised as at the Latest Practicable Date** *MOP (approximately)*
1.	15 retail shops located in Macau	Regular cleaning and inspection services on air-conditioning systems	1 August 2016 to 31 July 2017	HK$666,400 (equivalent to approximately MOP686,400)	418,000
2.	Four retail shops located in Macau	Regular cleaning and inspection services on air-conditioning systems	1 July 2016 to 30 June 2017	HK$219,300 (equivalent to approximately MOP225,900)	124,000

OPERATING PROCEDURES

Fitting-out projects

During the Track Record Period, the Group had completed 88 fitting-out projects and the approximate duration of such projects, from award of contract to project completion excluding defects liability period, ranged from 1 week to 23 months. Set out below is a flow chart summarising the usual workflow of a fitting-out project:



Invitation of tendering

The Group is generally invited by its customer directly to submit a tender for a potential fitting-out project. A tender document would be provided by the Group's customers. Such tender document normally contains details of the project, such as location, expected timetable, scope of works and services to be provided by the Group, design and material requirements, and other technical specifications. In general, the Group is required to submit the tender within 3 days to 3 weeks upon receipt of the tender invitation. For new customers who have not engaged the Group before, the Group may be required to submit a pre-qualification. The pre-qualification generally includes the background and organisational chart of the Group, general method statement, quality assurance policy of the Group, environmental and safety plan, job reference and recommendation letters issued by the Group's existing customers.

Preparation and submission of tender

Upon receipt of a tender document for a potential fitting-out project, the executive Directors will evaluate and conduct an analysis of the tender documents in terms of (i) the scope of works; (ii) complexity of the potential project; (iii) schedule of works; (iv) the manpower needed; and (v) availability of resources. The Group may also conduct an on-site visit for the potential project, if necessary.

Once the executive Directors consider the potential project is feasible based on their review and assessment, the Group's project management team and quantity surveying team will begin the preparation of the tender by conducting a series of analysis, such as costing and pricing, technical analysis and risk assessment.

In accordance with the specifications provided by the Group's customer, the tender for a fitting-out project generally includes (i) the offer price with breakdown of work items and materials required with rate and price (i.e. the Schedule of Rates); (ii) construction methodology; (iii) programme with estimation of the time required for completing each types of work to be provided; (iv) quality assurance plan; (v) environmental and occupational health and safety plan; (vi) plant and equipment to be used during the project; and (vii) management team structure. The offer stated in the tender is generally valid for 90 days from the date of the tender submission.

The following table sets forth a summary of the number of tenders submitted, number of fitting-out projects awarded and tender success rate of the Group during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
Number of tenders submitted	79	74	53	39
Number of fitting-out projects awarded	34	26	23	17
Tender success rate (%)	43.0	35.1	43.4	43.6

Award of contract

After the Group has submitted a tender, some of the Group's customers may request for a tender interview to clarify with the Group with regard to the particulars of the tender submitted. From time to time, the customers may further negotiate with the Group on the commercial and technical terms of the tender submitted. This process generally takes 3 days to 5 months.

Award of contract is generally confirmed by way of a letter of acceptance or letter of award issued by the Group's customer. To formalise the award of contract, the Group will then enter into a formal fitting-out works contract with its customer. Upon confirmation of engagement with the Group's customers and depending on the nature and scope of works required for any given project, the Group will secure the engagement with its subcontractors and suppliers accordingly. For further details on the salient terms of the Group's fitting-out works contracts, please refer to the sub-section headed "Customers – Salient terms of fitting-out and construction contracts" in this section.

Project management and execution

Upon award of a contract, a project management team will be formed to oversee the fitting-out project. A project management team typically comprises an executive Director, a project manager, a design manager, a quantity surveyor and a site foreman. The project management team is headed by a project manager, who is responsible for all aspects of the project including general project management, communicating with other team members, coordinating with the customers' team and subcontractors, quality control management, supervising the work progress and budget monitoring. The project manager will liaise with the procurement department in relation to materials procurement and will directly report to an executive Director on the work progress or issues of the project. The project manager will attend meetings with the customers to review the project status, if necessary. Major steps involved in the project execution stage of a typical fitting-out project are set out below:

Preparation of shop drawings

The Group does not provide any interior design services. The Group's customers normally provide design plans for their projects. However, the Group is responsible for the preparation of shop drawings.

Procurement of materials

The primary materials used by the Group in its fitting-out projects include wallpaper, wall paint, glass, marble, lightings, carpet and curtains etc. In line with the tender submitted by the Group for the project, the Group's procurement department is responsible for purchasing the required materials for the project.

The materials purchased by the Group generally will be sent to the worksite directly by the suppliers and the Group targets to maintain minimal inventory level of all types of materials as different project requires different type of materials in accordance with the respective project specifications. In some projects, the Group's customers may specify certain suppliers for certain materials, yet the Group is at liberty to use other suppliers as long as the materials procured by it are up to the specifications as required by the customers. For further details on the Group's suppliers, please refer to sub-section headed "Suppliers" in this section.

Execution of fitting-out works

Depending on the size and complexity of the project, the assigned executive Director and project manager will closely monitor the progress of the project on a continuous basis. The assigned foreman is responsible for supervising all workers on site and ensuring that activities are carried out and conform to the programme. The project team will communicate and meet with the executive Directors to discuss and/or update them on the project status on a weekly basis and identify any problems that need to be resolved during the project execution.

For some projects, certain machines and equipment are required to carry out the fitting-out works. During the Track Record Period and up to the Latest Practicable Date, save for some basic tools, the Group did not own any machines and equipment relating to its fitting-out works business. If needed, the project management team would arrange for the leasing of the machines and equipment from the Group's approved list of suppliers. For further details on the Group's suppliers, please refer to sub-section headed "Suppliers" in this section.

As at the Latest Practicable Date, the Group had 103 in-house workers to carry out execution works for its fitting-out projects. However, the Group may subcontract certain types of works to other subcontractors based on its internal resources level, nature of the works, complexity of the project and cost effectiveness. In order to control and ensure the quality and progress of the works of subcontractors, the Group typically engages subcontractors from its approved list, which is reviewed and updated by the Group from time to time. For further details on the Group's subcontractors, please refer to sub-section headed "Subcontractors" in this section.

In accordance with the laws of Macau, a qualified safety officer is required to work full time at a worksite with 100 workers or more. There is no requirement for worksite which has less than 100 workers, yet the Group may hire a part time safety officer at some of its worksite that has less than 100 workers. During the Track Record Period and up to the Latest Practicable Date, the Group did not hire any in house safety officer. Instead, the Group normally engages external firms or individuals to provide qualified personnel to fulfil such requirement. The safety officer is responsible for overseeing the safety, as well as the environmental compliance of the worksite. Trainings in relation to work safety will be conducted from time to time and weekly reports in relation to project health and safety will be prepared.

During the course of a project, the Group's customers may require additional services or changes in the specifications which will result in extra works to be done and extra payments to be charged by the Group to the customers. The unit rates for the works under such variation order(s) are in general agreed upon between the Group and the customers and set out in the Schedule of Rates as provided in the relevant project contract.

Throughout the project execution, interim or progress payment will be made to the Group by its customers based on the Group's works completed. For further details of the payment terms, please refer to the sub-section headed "Customers – Salient terms of fitting-out and construction contracts" in this section.

Final inspection and project completion

Upon completion of the fitting-out works as set out in the contract, the Group's customer and/or its authorised person will carry out a final inspection of the works completed by the Group. Once the customer is satisfied with the work completed by the Group, a hand over note or a practical completion certificate will be issued by the customer and in some cases, part of the retention money of such project will be released upon issuance of the practical completion certificate.

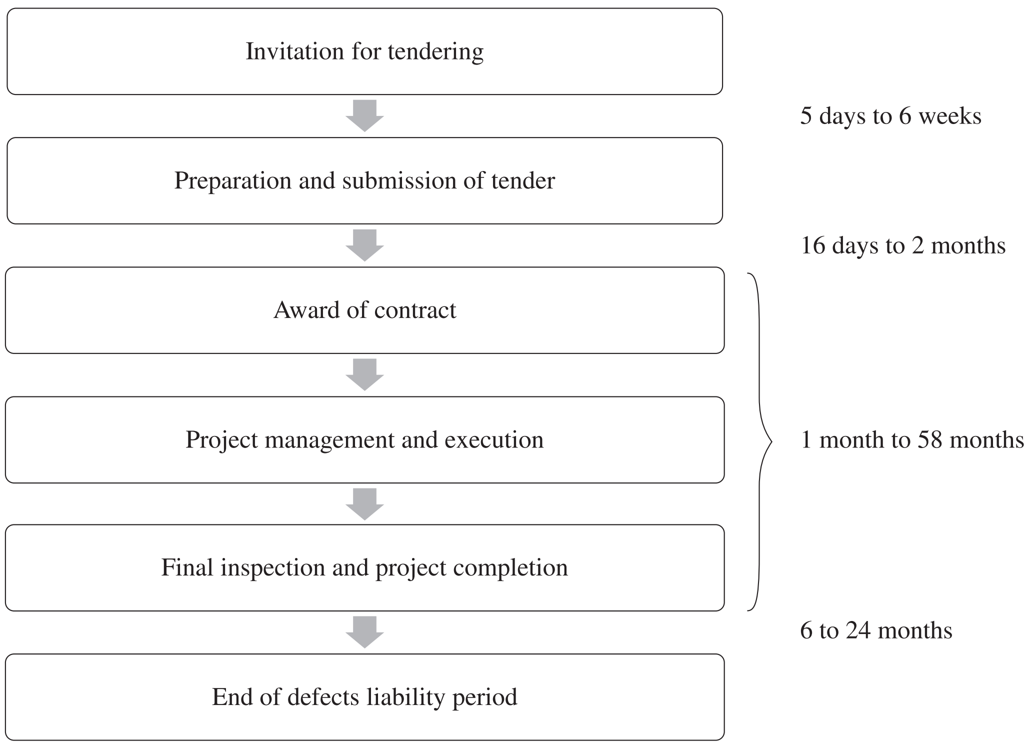
Defects liability period

Subject to the requirements under different projects, a defects liability period generally ranging from 2 to 12 months will be provided by the Group. Normally the defects liability period begins on the practical completion date. During the defects liability period, the Group is responsible for carrying out maintenance works. In order to protect the Group's interest, the Group exacts a defects liability period from its subcontractors. At the end of the defects liability period, customers of the Group will issue the certificate of completion of making good defects and the remaining retention money will be released upon issuance of the certificate of completion of making good defects.

During the Track Record Period, the Group did not experience any request from its customers for making good of serious defects or imperfections in its fitting-out works.

Construction projects

During the Track Record Period, the Group had completed 15 construction projects and the approximate duration of such projects, from award of contract to project completion excluding defects liability period, ranged from 1 month to 58 months. Set out below is a flow chart summarising a usual workflow of a construction project:



Most of the operating procedures of a construction project are similar to those of a fitting-out project, but it involves additional procedures as set out below:

Preparation and submission of tender

Upon receipt of a tender document for a potential construction project, the executive Directors will evaluate and conduct an analysis of the tender documents in terms of various factors similar to those of a fitting-out project and conduct an on-site visit if needed to determine whether to proceed with those of a tender of such potential project.

Since construction projects normally involve more types of works than the fitting-out projects which only involve fitting-out works, the Group has to outsource certain types of works such as foundation works and electrical and mechanical works. Therefore, while the Group's project management team and quantity surveying team are preparing the tender, they would also take into account the subcontracting costs and availability of the Group's subcontractors.

In accordance with the specifications provided by the Group's customer, the tender for a construction project generally includes (i) the offer price with breakdown of work items and materials required with rate and price (i.e. the Schedule of Rates); (ii) construction methodology; (iii) programme with estimation of the time for completing each types of work to be provided; (iv) quality assurance plan; (v) environmental and occupational health and safety plan; (vi) plant and equipment to be used during the project; and (vii) management team structure with resume of key personnel.

The following table sets forth a summary of the number of tenders submitted, number of construction projects awarded and tender success rate of the Group during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
Number of tenders submitted	37	30	7	11
Number of construction projects awarded	5	3	2	5
Tender success rate (%)	13.5	10.0	28.6	45.5

Project management and execution

Similar to fitting-out projects, a project management team will be formed to oversee the construction project. Major additional steps, as compared with a typical fitting-out project, in the project execution stage of an usual construction project are set out below:

Testing and procurement of materials

The primary materials used by the Group in its construction projects include (i) building materials such as cement, metal rebar and sand, etc.; and (ii) buildings services systems such as the electrical system and fire services system. In line with the tender submitted by the Group for the project, the Group's procurement department is responsible for purchasing the required materials for the project.

Depending on the terms of the relevant contracts, some customers may require the Group to engage external testing laboratories to perform tests on the material samples. Upon receipt of the ordered materials, sample of such materials will be sent to the external laboratories for testing and the materials will not be used until the sample passed the relevant tests.

Execution of construction works

The construction works undertaken by the Group primarily involve demolition works, building construction works including foundation works, and buildings services systems installation. The execution part of a construction project normally begins with demolition works and is followed by building construction works and building services systems installation.

Since the Group does not maintain any particular labour or machines to carry out the construction works such as foundation works and the installation works for buildings services systems, the Group normally engages subcontractors with the requisite knowledge and capacity to carry out these types of works. However, the Group is liable for the work performed by its subcontractors and hence the project manager will closely monitor the works undertaken by the Group's subcontractors to make sure that their works are up to standard.

The Group is also responsible for structure calculation and shop drawing, procurement of materials, site supervision, management of subcontractors and overall project management. As a main contractor, the Group generally subcontracts certain types of works to other subcontractors, including but not limited to, building design, foundation works and building services systems installation. Customers of the Group's construction works include land owners and the Macau Government. For further details on the Group's subcontractors, please refer to sub-section headed "Subcontractors" in this section.

Depending on the number of workers in a worksite, the Group may engage external firms or individuals to assign safety personnel to monitor the occupational health and safety, and the environmental compliance of the worksite. Relevant trainings will be provided to the workers from time to time and weekly inspection report will be prepared.

Similar to the arrangement of fitting-out projects, customers of the Group may require additional works or changes in the specification by placing a variation order during the course of a project.

Defects liability period

As compared to the defects liability period of a fitting-out project, subject to the requirements under different projects, the Group generally provides a longer defects liability period, normally ranging from 6 to 24 months for construction projects. Similarly, the defects liability period begins on the practical completion date. During the defects liability period, the Group is responsible for carrying out maintenance works. In order to protect the Group's interest, the Group exacts a defects liability period from its subcontractors. At the end of the defects liability period, the remaining retention money will be released.

During the Track Record Period, the Group did not experience any request from its customers for making good of serious defects or imperfection in its construction works.

Repair and maintenance services

During the Track Record Period, the Group provided ad-hoc repair and maintenance services for existing properties in Macau. Set out below is a flow chart summarising a usual work flow of a repair and maintenance project:

Receipt of order for ad-hoc repair and maintenance services

Preparation and submission of quotations

Confirmation on quotations

Execution of ad-hoc repair and maintenance services

Payment from customers

Upon receipt of order for ad-hoc repair and maintenance services from its customers, the Group will send an in-house worker to conduct the site inspection. Based on the physical inspection, the Group will estimate the required labour resources, tools and materials for such repair and maintenance order and provide quotations to the customers. The quotations are re-measurement contracts containing bills of quantities. The unit rates of each item and the quantities of various items of works are set out in the bills of quantity. Subsequent to the confirmation on quotations by the customers and subject to the availability of the required recourses, the Group will then arrange its workers to carry out the repair and maintenance works. It generally takes 1 day to 3 days to complete the repair and maintenance services. Upon completion of the repair and maintenance works, the Group will issue invoice to the customers for payment.

CUSTOMERS

Profile of the Group's customers

The Group's customers primarily include (i) hotel and casino developers and owners, international retailers and restaurant owners for fitting-out works; (ii) land owners and the Macau Government for construction works; and (iii) operators of hotel and casino, retail shop and restaurant for repair and maintenance works.

During the Track Record Period, all of the Group's customers are located in Macau and all of the Group's service fees are denominated in MOP and HK$.

Major customers

For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, revenue attributable to the Group's largest customer amounted to approximately 37.5%, 39.7%, 42.5% and 26.7% of the Group's total revenue, respectively, while revenue attributable to the Group's five largest customers, in aggregate, amounted to approximately 65.8%, 87.1%, 79.2% and 89.3% of the Group's total revenue, respectively.

Set out below is a breakdown of the Group's revenue attributable to the Group's five largest customers during the Track Record Period:

For the year ended 31 December 2013

	Revenue for the year	**Approximate % of the Group's total revenue for the year**
	MOP'000	*%*
Customer A	22,260	37.5
Canudilo International Company Limited	6,416	10.8
Customer B	3,831	6.5
Customer C	3,505	5.9
Customer D	3,028	5.1
Five largest customers in aggregate	39,040	65.8
All other customers	20,300	34.2
Total revenue	59,340	100.0

For the year ended 31 December 2014

	Revenue for the year *MOP'000*	Approximate % of the Group's total revenue for the year *%*
Customer E	46,732	39.7
Customer A	23,297	19.8
Canudilo International Company Limited	19,871	16.9
Customer B	9,285	7.9
Mr. Stanley Lai	3,325	2.8
Five largest customers in aggregate	102,510	87.1
All other customers	15,243	12.9
Total revenue	117,753	100.0

For the year ended 31 December 2015

	Revenue for the year *MOP'000*	Approximate % of the Group's total revenue for the year *%*
Customer E	93,766	42.5
Customer A	27,707	12.6
Customer F	21,086	9.6
Customer G	16,067	7.3
Cheersum Limited	15,810	7.2
Five largest customers in aggregate	174,436	79.2
All other customers	46,275	20.8
Total revenue	220,711	100.0

For the seven months ended 31 July 2016

	Revenue for the period *MOP'000*	Approximate % of the Group's total revenue for the period *%*
Customer I	34,560	26.7
Customer E	32,649	25.2
Customer J	16,918	13.1
Cheersum Limited	16,804	13.0
Canudilo International Company Limited	14,660	11.3
Five largest customers in aggregate	115,591	89.3
All other customers	13,935	10.7
Total revenue	129,526	100.0

Set out below is the background information of the Group's five largest customers during the Track Record Period:

Customer	Services purchased from the Group *(Notes)*	Background	Years of business relationship *(approximately)*
Customer A	1	Subsidiaries of a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia listed in U.S. and the revenue of the listed parent company for the year ended 31 December 2015 amounted to approximately US$4.0 billion	4 years
Canudilo International Company Limited	1 and 3	A subsidiary of a high quality men's clothing retailer listed in Shenzhen and the revenue of the listed parent company for the year ended 31 December 2015 amounted to approximately RMB724.2 million	10 years

Customer	**Services purchased from the Group** *(Notes)*	**Background**	**Years of business relationship** *(approximately)*
Customer B	1 and 3	A subsidiary of a property, aviation, beverages, marine services and trading company listed in Hong Kong and the revenue of the listed parent company for the year ended 31 December 2015 amounted to approximately HK$60.9 billion	9 years
Customer C	1 and 3	A subsidiary of a hotel operator listed in South Korea and the revenue of the listed parent company for the year ended 31 December 2015 amounted to KRW3,252 million	4 years
Customer D	1	A subsidiary of a luxurious watches retailer listed in Hong Kong and the revenue of the listed parent company for the year ended 31 December 2015 amounted to approximately HK$4.4 billion	4 years
Mr. Stanley Lai	2 and 3	An executive Director, chairman of the Board and one of the Controlling Shareholders (collectively with Mr. Harry Lai and Ms. Karen Lai)	N/A
Customer E	1 and 3	Subsidiaries of a developer and operator of casinos and hotels listed in Hong Kong and the revenue of the listed parent company for the year ended 31 December 2015 amounted to approximately US$6.8 billion	3 years
Customer F	1	A subsidiary of a multinational clothing retailer listed in Sweden and the revenue of the listed parent company for the year ended 30 November 2015 amounted to approximately SEK180,861 million	2 years
Customer G	1	A subsidiary of a watch manufacturer and retailer listed in Switzerland and the revenue of the listed parent company for the year ended 31 December 2015 amounted to approximately CHF8,451 million	2 years

Customer	**Services purchased from the Group** *(Notes)*	**Background**	**Years of business relationship** *(approximately)*
Cheersum Limited	1	An owner and operator of spa and leisure centre in Macau	2 years
Customer I	1	A subsidiary of a developer and operator of casinos and hotels listed in Hong Kong and the revenue of the listed parent company for the year ended 31 December 2015 amounted to approximately HK$17.1 billion	2 years
Customer J	1	A subsidiary of a travel retailer listed in Switzerland and the revenue of the listed parent company for the year ended 31 December 2015 amounted to approximately CHF6,139 million	1 year

Notes:

1. Fitting-out works.

2. Construction works.

3. Repair and maintenance works.

Save for Mr. Stanley Lai, who is an executive Director, chairman of the Board and one of the Controlling Shareholders (collectively with Mr. Harry Lai and Ms. Karen Lai), all of the Group's five largest customers during the Track Record Period are Independent Third Parties. To the best of the knowledge of the Directors, none of the Directors, their close associates, or any Shareholders who owned more than 5% of the share capital of the Company as at the Latest Practicable Date had any interest (direct or indirect) in any of the Group's five largest customers during the Track Record Period. Details of the transactions between the Group and Mr. Stanley Lai are set out in the section headed "Connected transactions" in this prospectus.

Sustainability of the Group's business in view of the concentration on major customers during the Track Record Period

For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the revenue attributable to the Group's largest customer amounted to approximately 37.5%, 39.7%, 42.5% and 26.7% of the Group's total revenue, respectively, while the revenue attributable to the Group's five largest customers, in aggregate, amounted to approximately 65.8%, 87.1%, 79.2% and 89.3% of the Group's total revenue, respectively. Please refer to the section headed "Risk factors – Risks relating to the Group's business – The Group's top five customers accounted for a major portion of the Group's revenue" in this prospectus for details of the customer concentration risk.

The Directors consider that the concentration on major customers during the Track Record Period was mainly attributable to several sizeable projects undertaken by the Group, which tend to have longer project periods, and hence customers of these sizeable projects would easily become the Group's major customers because of their consistent and significant revenue contribution. In addition, customers from hotel and casino industry contributed a substantial portion of the revenue of the Group during the Track Record Period and this industry in Macau is dominated by a few players which limit the customer base of the Group. For instance, Customer E awarded the Group with a hotel and casino fitting-out project for the podium of a hotel located in Cotai, Macau in June 2014 (the "**Podium Project**") for an awarded contract sum of approximately MOP168.1 million, without taking into account any variation order. The Podium Project was completed in August 2016 with project period of approximately 23 months. During each of the two years ended 31 December 2015 and the seven months ended 31 July 2016, the revenue contributed by Customer E in relation to the Podium Project amounted to approximately MOP6.9 million, MOP61.4 million and MOP31.4 million, respectively, representing approximately 5.9%, 27.8% and 24.2% of the Group's total revenue of the relevant year or period, respectively.

Despite the concentration of major customers during the Track Record Period, the Directors consider that the Group's business is sustainable in view of the following factors:

- according to the Frost & Sullivan Report, the fitting-out market in Macau was highly concentrated and a small number of customers may contribute to a substantial amount of revenue for the market;

- according to the Frost & Sullivan Report, the commercial fitting-out market in Macau is expected to maintain a stable growth at a CAGR of approximately 12.2% from approximately MOP3,530.3 million in 2015 to approximately MOP6,272.1 million in 2020;

- the Group has established a stable and long-term business relationship with certain of its major customers. The Directors believe that the Group has developed an in-depth understanding of the requirements of such customers over the years with proven track record, which make the Group more competitive when tendering for projects from such customers;

- a majority of the Group's projects are one-off projects. Apart from regular repair and maintenance projects, the Group enters into fitting-out and construction projects with its customers on a project-by-project basis, which provides the Group with more flexibility to tender for projects from different customers;

- the Group continues to diversify its customer base and it was awarded contracts with new customers such as Customer I whom the Group started business relationship for approximately 2 years only and became the largest customers for the seven months ended 31 July 2016;

- the Group plans to utilise the net proceeds from the Share Offer to expand its in-house team of experienced personnel, including recruiting 2 business development managers to explore opportunities from and solicit new customers in Macau; and

- the Group plans to utilise approximately HK$9.0 million (equivalent to approximately MOP9.3 million) to expand its market coverage to gain a foothold in the fitting-out market in Hong Kong, which enables the Group to further broaden its customer base.

Pricing strategy

The Group generally determines the price of its projects on a cost-plus basis save for the projects that are undertaken for the connected persons of the Company, the price of such projects would be determined on a project-by-project basis and on the basis of cost plus reasonable profit margins with reference to that charged to Independent Third Parties by the Group with similar projects in terms of size, nature and scope. Details of the continuing connected transactions for the Company are set out in the section headed "Connected transactions – Non-exempt continuing connected transactions subject to reporting, announcement, circular and Shareholders' approval requirements – The construction-related services master agreement" in this prospectus. The Group's pricing on its projects is evaluated on a project-by-project basis depending on several factors, including but not limited to, (i) the nature, scope and complexity of the project; (ii) the estimated number and types of workers required; (iii) the estimated cost of materials required; (iv) the completion time requested by customers; (v) any further subcontracting needed; (vi) the prevailing market conditions; (vii) previous tender record; (viii) awarded tender of similar project; (ix) the relationship and familiarity with the customers; and (x) the potential price competitiveness of other tenders.

Salient terms of fitting-out and construction contracts

The Group provides services of fitting-out works and construction works to its customers on a project-by-project basis instead of entering into long-term contracts. The Directors consider that such arrangement is in line with the industry practice in Macau. The terms of each project contract entered into between the Group and its customers vary, but the salient terms of a typical project contract are shown below:

Scope of work	:	The scope of services and type of works to be carried out by the Group are specified in the project contract. The project contract may also include the product specifications and requirements as set out by the customers.
Duration of work	:	The Group shall follow the pre-determined fitting-out or construction work schedule as specified by the customers.

Contract sum	:	The Group's project contracts are mainly lump sum fixed price contracts in which the contract payment will be based on a fixed contract sum agreed in the contract for carrying out the whole of the works as specified in the specification, drawings and technical requirements of the customers and no remeasurement will be conducted except for works done pursuant to variation order issued by customers. Other than lump sum fixed price contracts, some of the Group's project contracts are remeasurement contracts which contain, among other things, bills of quantities, or Schedule of Rates which is one of the contract types commonly adopted in the construction industry in Macau. The agreed unit rates of each item and the estimated quantities of various items of works based on the tender drawings are set out in the bills of quantity. Such bills of quantities are generally prepared by the project architect engaged by the customer or main contractor. When the works are completed, the customer will measure the actual quantities of works executed onsite and the Group will be paid based on works done.
Subcontracting	:	The Group's customers generally allow the Group to engage subcontractors to carry out the works, but the Group is primarily responsible for the works performed by its subcontractors.
Insurance	:	The Group or its customers are responsible for all necessary insurances for its subcontractors, such as employees' compensation, contractors all risk insurance and third party liability insurance.
Performance bond	:	For some of the project contracts, the Group is required to provide a performance bond generally equivalent to approximately 10% of the total contract sum issued by banks or insurance companies in favour of the customer as security for the due performance and observance of the Group's obligations under the relevant project. The performance bonds are normally released upon completion of the project or as specified in the relevant project contract.
Payment terms	:	For further details regarding the payment terms, please refer to the sub-section headed "Customers – Credit policy" in this section.

Defects liability period	:	The Group generally provides a defects liability period ranging from 2 to 12 months for its fitting-out projects and 6 to 24 months for its construction projects. During the defects liability period, the Group is responsible for remedial works which may arise from the defective works or materials used.
Retention money	:	5% to 10% of the total contract sum of the project contract will usually be withheld by the Group's customers as retention money and will only be fully released upon the expiry of the defects liability period. In some cases, part of the retention money will be released upon issuance of practical completion certificate.

Salient terms of repair and maintenance contracts

The Group provides ad-hoc repair and maintenance services for existing properties in Macau by providing a quotation to its customers on one-off basis. The Group also provides such services on regular basis over a fixed period. The repair and maintenance quotations provided by the Group to its customers usually contain the following provisions:

Scope of work	:	The scope of services and type of works to be carried out by the Group are specified in the quotations. The schedule for performing services are set out in the quotation.
Pricing	:	The quotations are re-measurement contracts containing bills of quantities. The agreed unit rates of each item and the quantities of various items of works are set out in the bills of quantity.
Duration of work	:	In general, the scope of ad-hoc repair and maintenance services provided by the Group are on one-off basis. However, for some of its customers, the Group also provides such services on regular basis over a fixed period, generally up to 12 months.
Payment	:	For further details regarding the payment terms, please refer to the sub-section headed "Customers – Credit policy" in this section.

Credit policy

For fitting-out projects, the Group is generally required to submit payment application to obtain interim payment from its customers with regard to its works done on a regular basis, usually on a monthly basis. The Group's customers and/or their authorised persons will then carry out an inspection on the completed works and issue a payment certificate to certify the portion of works completed by the Group. Upon receipt of the payment certificate, the Group will issue invoices to its customers. For construction projects, the Group generally issues invoices to its customers when certain stages of construction as specified in the agreement have been achieved, for example, completion of foundation construction, completion of structural construction of certain number of storeys or the entire building and completion of scaffolding removal. Regarding the Group's ad-hoc repair and maintenance works, which generally will be completed within 1 day to 3 days, the Group generally issues invoices to customers upon the completion of works , while for regular repair and maintenance projects, the Group will issue invoices to the customers on a monthly basis. The Group allows an average credit period of 30 days to its customers.

In most of the Group's fitting-out projects and construction projects, the Group's customers normally withhold 5% to 10% of the total contract sum as retention money which will only be fully released after the defects liability period. In some cases, part of the retention money will be released upon the issuance of practical completion certificate.

The Group has adopted certain internal control measures to determine whether the recognition of contract revenues matches with the recognition of contract costs. For each fitting-out or construction projects, a monthly project summary report will be prepared by the assigned account manager and such report will be assessed by the assigned project manager on the expected gross profit margin and the stage of completion. Upon confirmation by the assigned project manager, the report will be submitted to the finance manager for further review and then presented to the Group's management for approval to ensure that the contract revenue and costs are properly recorded.

During the Track Record Period, all of the Group's fitting-out contracts and construction contracts are denominated in MOP or HK$, and the payment will generally be settled by cheques or bank transfers. Quantity surveyor department and accounts department of the Group will continuously review and note for any long outstanding trade receivables. The Directors confirmed that there was no dispute between the Group and its customers in respect of project progress or the amount of fees payable to the Group during the Track Record Period and up to the Latest Practicable Date. For further details on the Group's receivable turnover days, please refer to section headed "Financial information – Trade and other receivables/retention receivables – Trade receivables" in this prospectus.

SUPPLIERS

Profile of the Group's suppliers

The Group's suppliers mainly include suppliers for (i) materials to be consumed in its fitting-out projects and construction projects, such as wallpaper, wall paint, glass, marble, lightings, carpet and curtains etc.; and (ii) machines and equipment leasing services.

During the Track Record Period, a majority of the Group's suppliers are located in Macau, Hong Kong and the PRC, and most of the purchases orders placed by the Group are denominated in MOP, HK$ and RMB.

Major suppliers

For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, purchases attributable to the Group's largest supplier amounted to approximately 26.9%, 44.7%, 7.0% and 19.6% of the Group's total purchases, respectively, while purchases attributable to the Group's five largest suppliers, in aggregate, amounted to approximately 45.7%, 72.4%, 24.4% and 41.2% of its total purchases, respectively.

Set out below is a breakdown of the Group's purchases attributable to the Group's five largest suppliers during the Track Record Period:

For the year ended 31 December 2013

	Purchases for the year *MOP'000*	**Approximate % of the Group's total purchases for the year** %
Supplier A	3,202	26.9
Supplier B	1,173	9.8
Supplier C	369	3.1
Supplier D	363	3.0
Supplier E	344	2.9
Five largest suppliers in aggregate	5,451	45.7
All other suppliers	6,471	54.3
Total purchases	11,922	100.0

For the year ended 31 December 2014

	Purchases for the year *MOP'000*	Approximate % of the Group's total purchases for the year *%*
Supplier F	6,118	44.7
Supplier A	2,160	15.8
Supplier G	636	4.6
Supplier H	583	4.3
Supplier D	417	3.0
Five largest suppliers in aggregate	9,914	72.4
All other suppliers	3,768	27.6
Total purchases	13,682	100.0

For the year ended 31 December 2015

	Purchases for the year *MOP'000*	Approximate % of the Group's total purchases for the year *%*
Supplier I	4,489	7.0
Supplier J	4,074	6.4
Supplier F	3,012	4.7
Supplier K	2,121	3.3
Supplier L	1,899	3.0
Five largest suppliers in aggregate	15,595	24.4
All other suppliers	48,335	75.6
Total purchases	63,930	100.0

For the seven months ended 31 July 2016

	Purchases for the period *MOP'000*	Approximate % of the Group's total purchases for the period *%*
Supplier A	5,558	19.6
Supplier B	2,551	9.0
Supplier M	1,313	4.6
Supplier N	1,292	4.5
Supplier J	1,000	3.5
Five largest suppliers in aggregate	11,714	41.2
All other suppliers	16,694	58.8
Total purchases	28,408	100.0

Set out below is the background information of the Group's five largest suppliers during the Track Record Period:

Supplier	**Products sold to the Group**	**Background and principal business**	**Years of business relationship** *(approximately)*
Supplier A	Furniture and fixtures	A factory located in Zhongshan, the PRC engaging in the manufacturing and sale of furniture and fixtures	6 years
Supplier B	Marble	A company located in Zhuhai, the PRC engaging in the sale of marble	8 years
Supplier C	Wallpaper	A company located in Hong Kong engaging in the distribution of wallpaper and furnishing fabrics	6 years

Supplier	Products sold to the Group	Background and principal business	Years of business relationship *(approximately)*
Supplier D	Construction materials	A company in Macau engaging in the sale of construction materials such as sand and cement	5 years
Supplier E	Furnishing fabrics	A company located in Macau engaging in the sale of furnishing fabrics	5 years
Supplier F	Furniture and fixtures	A company with business presence in Hong Kong and the PRC engaging in the sale of furniture and fixtures	3 years
Supplier G	Feature glasses	A company located in Hong Kong engaging in the manufacturing and sale of feature glasses	3 years
Supplier H	Building services systems	A subsidiary of a technology company listed in Germany and the revenue of the listed parent company for the year ended 30 September 2015 amounted to approximately EUR75,636 million	4 years
Supplier I	Building products	An engineering group headquartered in Hong Kong with business presence in Macau	3 years
Supplier J	Building materials	A company located in Hong Kong engaging in the manufacturing and sale of building materials such as gypsum board	2 years

Supplier	Products sold to the Group	Background and principal business	Years of business relationship *(approximately)*
Supplier K	Steel products	A Group of companies with locations in Hong Kong and Macau engaging in the sale of steel products	2 years
Supplier L	Spa facilities	A company with locations in Hong Kong, Glasgow and Dubai engaging in the provision of spa engineering solutions	2 years
Supplier M	Construction materials	A company located in Macau engaging in retail sales of construction materials	2 years
Supplier N	Artificial stone	A company located in the PRC engaging in the sale of artificial stone	2 years

All of the Group's five largest suppliers during the Track Record Period are Independent Third Parties. To the best of the knowledge of the Directors, none of the Directors, their close associates, or any Shareholders who owned more than 5% of the share capital of the Company as at the Latest Practicable Date had any interest (direct or indirect) in any of the Group's five largest suppliers during the Track Record Period.

Basis for selection of suppliers

The Group maintains an internal list of approved suppliers and such list is updated on a continuous basis. The Group will review the current list of approved suppliers and consider whether any should be removed or replaced based on the quality of their products or their respective job performance. As at the Latest Practicable Date, the Group had 167 approved suppliers on its internal list of approved suppliers. Therefore, the Directors consider that the Group does not place any significant reliance on any single supplier. The Group selects the suppliers based on a number of criteria including but not limited to their technical capability, track records, prices, product quality and timely delivery. The Group generally sources the materials from suppliers after the contract is awarded.

During the Track Record Period, the Group did not experience any material shortage or delay in the supply of goods or services that the Group required. Therefore, the Directors consider that the possibility of a material shortage or delay is low given the abundance of suppliers of the same kind in the market. In addition, the Group did not experience any material fluctuation in the prices of goods during the Track Record Period. The Directors consider that the Group is able to pass on any increase in purchase costs to its customers as the Group generally takes into account the overall costs of undertaking a project when preparing the tender.

Salient purchase terms

The Group generally makes purchase orders on a project-by-project basis instead of entering into long-term supply contracts with its suppliers. The Directors consider that such arrangement is in line with the industry practice in Macau. During the Track Record Period, the Group purchased from its suppliers by placing purchase orders upon receiving a quotation on the required materials and goods from the suppliers. The terms of each purchase order entered by the Group with its suppliers vary, but the salient terms of a typical purchase order are shown below:

Material specification	:	A description of the material required, including the type of materials, quantity, size and technical specification of the products.
Payment terms	:	For further details regarding the payment terms, please refer to the sub-section headed "Suppliers – Credit policy" in this section.
Deposit	:	Some of the Group's suppliers require 30% to 50% of the total purchase amount as deposit while most of the Group's suppliers do not require any deposit.
Delivery	:	The Group's suppliers generally deliver the goods, at the cost of the Group, directly to the worksite or other designated location. Some of the Group's suppliers who are located outside Macau may deliver the goods to the designated port in Macau and the Group would arrange its logistic services providers to pick up the goods.

Credit policy

During the Track Record Period, majority of the Group's suppliers are located in Macau, Hong Kong and the PRC, and most of the purchase orders made by the Group are denominated in MOP, HK$ and RMB. Credit terms granted by the Group's suppliers range from 30 to 90 days. The Group usually settles the payment by cheque or bank transfer upon delivery of the products.

SUBCONTRACTORS

Profile of the Group's subcontractors

The Group may subcontract certain activities in the project to other subcontractors depending on its internal resources level, nature of the works, complexity of the project and cost effectiveness. During the Track Record Period, the Group's subcontracted works mainly include demolition works, foundation works and building services systems installation.

During the Track Record Period, majority of the Group's subcontractors are located in Macau and Hong Kong, and most of the Group's subcontracting agreements are denominated in MOP and HK$.

Major subcontractors

For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, subcontracting fees paid to the Group's largest subcontractor amounted to approximately 7.1%, 9.8%, 12.3% and 31.6% of the Group's total subcontracting fees, respectively, while subcontracting fees paid to the Group's five largest subcontractors, in aggregate, amounted to approximately 29.5%, 33.1%, 38.9% and 60.6% of its total subcontracting fees, respectively.

Set out below is a breakdown of the Group's subcontracting fees paid to the Group's top five subcontractors during the Track Record Period:

For the year ended 31 December 2013

	Subcontracting fees for the year	**Approximate % of the Group's total subcontracting fees for the year**
	MOP'000	*%*
Subcontractor A	1,028	7.1
Subcontractor B	1,027	7.1
Subcontractor C	876	6.0
Subcontractor D	731	5.0
Subcontractor E	620	4.3
Five largest subcontractors in aggregate	4,282	29.5
All other subcontractors	10,229	70.5
Total subcontracting fees	14,511	100.0

For the year ended 31 December 2014

	Subcontracting fees for the year	Approximate % of the Group's total subcontracting fees for the year
	MOP'000	*%*
Subcontractor D	2,936	9.8
Subcontractor F	1,931	6.5
Subcontractor G	1,753	5.9
Subcontractor H	1,715	5.8
Subcontractor I	1,513	5.1
Five largest subcontractors in aggregate	9,848	33.1
All other subcontractors	19,970	66.9
Total subcontracting fees	29,818	100.0

For the year ended 31 December 2015

	Subcontracting fees for the year	Approximate % of the Group's total subcontracting fees for the year
	MOP'000	*%*
Subcontractor G	6,292	12.3
Subcontractor D	5,466	10.7
Subcontractor J	3,476	6.8
Subcontractor K	2,410	4.7
Subcontractor L	2,277	4.4
Five largest subcontractors in aggregate	19,921	38.9
All other subcontractors	31,338	61.1
Total subcontracting fees	51,259	100.0

For the seven months ended 31 July 2016

	Subcontracting fees for the period	Approximate % of the Group's total subcontracting fees for the period
	MOP'000	*%*
Subcontractor M	12,388	31.6
Subcontractor G	5,806	14.8
Subcontractor D	2,587	6.6
Subcontractor N	1,638	4.2
Subcontractor H	1,339	3.4
Five largest subcontractors in aggregate	23,758	60.6
All other subcontractors	15,421	39.4
Total subcontracting fees	39,179	100.0

Set out below is the background information of the Group's top five subcontractors during the Track Record Period:

Subcontractor	**Services sold to the Group**	**Background and principal business**	**Years of business relationship** *(approximately)*
Subcontractor A	Installation of building services systems, including drainage systems and electrical systems	A company located in Macau engaging in the provision electrical and mechanical engineering services	4 years
Subcontractor B	Provision of demolition works	A company located in Macau engaging in the provision of demolition works	5 years
Subcontractor C	Installation of electrical systems	A company located in Macau engaging in installation, repair and maintenance of electrical and mechanical engineering systems	4 years

Subcontractor	Services sold to the Group	Background and principal business	Years of business relationship *(approximately)*
Subcontractor D	Installation of building services systems, including electrical and lighting systems	A company located in Macau engaging in the supply and installation of building services systems	5 years
Subcontractor E	Demolition and installation of ceiling materials	A company located in Macau engaging in retail and wholesale of ceiling materials	5 years
Subcontractor F	Provision of fitting-out works	A company located in Macau engaging in the provision of fitting-out works	2 years
Subcontractor G	Installation of air conditioning systems	A company located in Macau engaging in the sale and installation of air conditioning systems	3 years
Subcontractor H	Provision of fitting-out works	A company located in Macau engaging in the provision of fitting-out works	3 years
Subcontractor I	Supplying and installing fire safety and security facilities	A company located in Macau engaging in the design, manufacture, installation and maintenance of fire shutters, firewall security gates and other fire safety and security facilities	3 years
Subcontractor J	Provision of fitting-out works	A company located in Macau engaging in the provision of fitting-out services	2 years
Subcontractor K	Leasing of construction machines	A company located in Macau engaging in construction machines leasing	3 years
Subcontractor L	Supplying and installing building services systems, including electrical systems	A company located in Macau engaging in the supply and installation of building services systems	6 years

Subcontractor	Services sold to the Group	Background and principal business	Years of business relationship *(approximately)*
Subcontractor M	Installation of building services systems	A subsidiary of an investment holding company listed in Hong Kong and the revenue of the listed parent company for the year ended 31 March 2016 amounted to approximately HK$5.5 billion	1 year
Subcontractor N	Supplying and installation of building services systems	A company located in Macau engaging in the provision of construction and electrical engineering services	1 year

All of the Group's top five subcontractors during the Track Record Period are Independent Third Parties. To the best of the knowledge of the Directors, none of the Directors, their close associates, or any Shareholders who owned more than 5% of the share capital of the Company as at the Latest Practicable Date had any interest (direct or indirect) in any of the Group's five largest subcontractors during the Track Record Period.

Basis for selection of subcontractors

The Group maintains an internal list of approved subcontractors and such list is updated on a continuous basis. The Group will review the current list of approved subcontractors and consider whether any should be removed or replaced based on the quality of their products or their respective job performance. As at the Latest Practicable Date, the Group had 82 approved subcontractors on its internal list of approved subcontractors. Therefore, the Directors consider that the Group does not place any significant reliance on any single subcontractor. While assessing whether a subcontractor is qualified to be on the list, the Group carefully evaluates the subcontractor based on its technical capability, job reference, pricing competitiveness, labour resources and past safety performance.

In each project, the Group generally selects two or more subcontractors from the approved list based on their relevant skillsets and experience and invites them to provide a quotation. The Group will then select the most suitable subcontractor for the project with regard to their availability, fee quotation, proposed delivery time and other commercial and technical terms.

During the Track Record Period, the Directors confirmed that the Group did not experience any difficulty in procuring services from subcontractors and did not receive any material claims from the customers in relation to the standard and quality of services performed by subcontractors engaged by the Group.

Control on subcontractors

The Group has a project management team to oversee each of its projects, of which the site foreman is assigned to monitor and supervise the working process of the subcontractors and ensures that they have met the safety and workmanship requirements and be responsible for coordination work on the project site. Furthermore, the project manager carries out inspection on the work done by the subcontractors on a regular basis to ensure that the works done are in line with the contract design.

The Group requires all of its subcontractors to follow their guidelines in relation to occupational health and safety and environmental protection at the worksite. All of the personnel at the worksite, including the Group's own personnel and the employees of the Group's subcontractors, are required to possess a safety card issued by the Macau Government before entering the worksite. For further information on the Group's internal rules and regulations in relation to work quality, occupational health and safety, and environmental protection, please refer to the sub-sections headed "Quality control", "Occupational health and safety" and "Environmental compliance" in this section.

In order to manage the status of the work undertaken by the Group's subcontractors, project managers of the Group conduct regular reviews on the status of work progress of the appointed subcontractors. Further, the Group has established a system to monitor the work performance of its subcontractors. Job performance of the Group's subcontractors will be verified by either (i) conducting meetings with subcontractors' responsible personnel to review their performance; (ii) monitoring subcontractors' works in progress against the agreed schedules; or (iii) performing inspection or checking on subcontractors' works.

During the Track Record Period, the Directors confirmed that there was no claim from the Group's customers in relation to the quality of the work performed by the subcontractors.

Salient terms of subcontracting agreements

The Group generally engages subcontractors on a project-by-project basis instead of entering into long-term subcontracting agreements with them. The Directors consider that such arrangement is in line with the industry practice in Macau. The terms of each subcontracting agreement entered by the Group with its subcontractors may vary, but the salient terms of a typical subcontracting agreement are shown below:

Scope of work	:	The scope of services and types of works to be carried out by the subcontractor will be specified in the subcontracting agreement.
Contract sum	:	In respect of lump sum fixed price contract, the whole contract sum will be agreed upon at engagement and no remeasurement will be conducted, unless there are variation orders. In respect of remeasurement contract, the final contract sum will be determined based on agreed unit rates and measurement of quantities or work done.

Insurance	:	The Group is responsible for all necessary insurances for its subcontractors, such as employees' compensation, contractors all risk insurance and third party liability insurance.
Payment terms	:	For further details regarding the payment terms, please refer to the sub-section headed "Subcontractors – Credit policy" in this section.
Defects liability period	:	The Group's subcontractors generally would provide a defects liability period on their work done.
Retention money	:	Generally 10% of the total sum of the subcontracting agreement will usually be withheld by the Group as retention money. The full amount of the retention money usually will be payable to the subcontractors upon expiry of the defects liability period. For further details on the Group's payable turnover days, please refer to the section headed "Financial information – Trade and other payables – Trade payables" in this prospectus.

Credit policy

The Group's subcontractor would submit payment applications to the Group from time to time, which would generally include the estimated value of work done and/or material consumed. Each payment application will be reviewed by the Group's quantity surveyors.

During the Track Record Period, a majority of the Group's subcontractors are located in Macau and Hong Kong, and most of the subcontracting agreements are denominated in MOP and HK$. The Group usually settles the payment to its subcontractor by cheques within 90 days upon receipt of the payment application.

SEASONALITY

Save that it is a traditional low season for fitting-out industry and construction industry during the Chinese New Year, the Directors consider that the Group's business operations do not have any material seasonality.

SALES AND MARKETING

The Group does not maintain a sales and marketing team, the executive Directors will directly contact potential customers to conduct the sales and marketing activities. During the Track Record Period, the Group secured new businesses mainly through direct invitation for tendering by customers, which is considered by the Directors to be attributable to the Group's track record and well-established presence in the industry in Macau.

MARKET AND COMPETITION

According to the Frost & Sullivan Report, the revenue generated from fitting-out industry in Macau increased rapidly from approximately MOP1,522.2 million in 2010 to approximately MOP6,429.0 million in 2015 at a CAGR of approximately 33.4%. With the relatively slowing GDP growth, the fitting-out market in Macau is estimated to have a modest CAGR of approximately 12.4% over the period from 2015 to 2020 and achieve approximately MOP11,539.3 million in the year of 2020. The growth is driven by the surging new construction area and increasing in total household number. In 2015, the Group was the second largest commercial fitting-out contractor in Macau in terms of revenue, with approximately 6.1% market share. The fitting-out market in Macau is dominated by the major contractors. In terms of revenue, the top five contractors collectively held approximately 88.0% of market share in 2015.

Regarding the fitting-out market in Hong Kong, according to the Frost & Sullivan Report, it grew from approximately HK$3,814.1 million in 2010 to approximately HK$7,223.8 million in 2015 at a CAGR of approximately 13.6%. In the next five years, it is expected to have a relatively lower growth rate at a CAGR of approximately 10.2%, reaching approximately HK$11,741.2 million by the end of 2020. The continuous growth in the fitting-out market in Hong Kong is mainly stimulated by the steady economic growth and the growing property market. Development in shopping malls, residential units and urban renewal are the driving forces of the property market, which will improve the demand for fitting-out services.

For further information regarding the competitive landscape of the industry in which the Group operates or intends to operate, please refer to the section headed "Industry overview" in this prospectus.

HEDGING

During the Track Record Period and as at the Latest Practicable Date, the Group did not engage in any hedging activity.

RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, the Group did not engage in any research and development activity nor incurred any research and development expenses.

MAJOR QUALIFICATION AND CERTIFICATIONS

The following table sets forth the major qualifications and certifications held by the Group as at the Latest Practicable Date:

Year/Date of first grant	Recipient	Qualification/ Certifications	Awarding authority/ organisation	Expiry date
2007	Lai Si	Registration as a construction company	DSSOPT	31 December 2017
2015	Well Team	Registration as a construction company	DSSOPT	31 December 2017
17 August 2009	Lai Si	ISO 9001:2008	SGS United Kingdom Ltd	17 August 2018
13 August 2014	Lai Si	ISO 14001:2004	SGS United Kingdom Ltd	12 August 2017
17 August 2014	Lai Si	OHSAS 18001:2007	SGS CSTC Standards Technical Services Co., Ltd	16 August 2017

As advised by the Macau Legal Advisers, the registration with DSSOPT as a construction company is subject to renewal on a yearly basis by submitting an application form and provided that the company has (i) office in Macau; (ii) principal business related to construction or fitting-out services; (iii) at least one qualified technician as employee; and (iv) the activity insured. Given that Lai Si and Well Team comply with the aforementioned legal requirements, the Macau Legal Advisers are of the view that there is no legal impediment for Lai Si and Well Team to renew their respective registration as a construction company with DSSOPT.

QUALITY CONTROL

The business of the Group is operated under a set of procedures that complies with the ISO 9001:2008 quality standard, ISO 14001:2004 environmental policy and OHSAS 18001:2007 standard for occupational health and safety. Each project of the Group has a project management team comprising, among others, an executive Director and a project manager who are responsible for the overall quality assurance of the project.

For the Group's quality control measures on its subcontractors, please refer to the sub-section headed "Subcontractors – Control on subcontractors" in this section.

INTERNAL CONTROL

In preparation of the Listing, the Group has engaged an independent internal control consultant (the "**Internal Control Consultant**") to perform a detailed evaluation on its internal control system.

The Internal Control Consultant completed the first round of internal control review in May 2016 and has recommended measures and policies to enhance the Group's internal control system. In August 2016, the Internal Control Consultant performed a follow up review including the measures set out in the sub-section headed "Business – Non-compliance – Key measures taken and to be taken to avoid recurrence of the non-compliant incident" in this section. Based on the result of the follow up review, the Directors confirmed, and the Sponsor concurred, that the Group did not have any significant deficiencies in its internal control system as at the Latest Practicable Date.

INSURANCE

The Directors consider that the Group's insurance coverage is adequate and consistent with industry norm having regard to the Group's current operations and the prevailing industry practice.

Regarding the Group's business, the Group maintains insurance policies for employee's compensation and third party liabilities on a project-by-project basis. In accordance with the specific requirements of the Group's customers, the Group also takes out additional insurances such as contractor all risks insurances for particular projects. The coverage of such policies include all workers employed by the Group and its subcontractors. The Group also maintains insurance coverage against, among other matters, (i) damage caused by fire on the Group's office premises; and (ii) employees' compensation.

For the three years ended 31 December 2015 and the seven months ended 31 July 2016, the Group's project insurance costs amounted to approximately MOP0.2 million, MOP0.3 million, MOP0.8 million and MOP0.4 million, respectively. Although the Directors consider that the existing insurance coverage are adequate for protecting the Group from most of the common liabilities associated with its business, the Group's insurance coverage may not be sufficient to indemnify all the risks exposed to the Group. Please refer to the section headed "Risk factors – Risk relating to the Group's business – The Group's insurance coverage may not be sufficient to cover all losses or potential claims which could affect the Group's business and results of operations" in this prospectus for details of such associated risk.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety measures

The Group has established procedures to provide its workers with a safe and healthy working environment by specifying various safety measures in its in-house rules. In the in-house rules, the Group highlights potential dangers of carrying out fitting-out and construction works and specifies corresponding measures and requirements for its workers and subcontractors to follow, including, among others:

Potential dangers	Safety measures and requirements
Protection from falling materials	– No materials, equipment or spare part in general is allowed to be placed on roof of any container office or store room
	– Necessary precaution shall be taken so as to prevent workmen from being struck by falling materials or objects. Scaffolding is used to prevent objects falling from height
	– Provide safety nets with grids covering the entire face of the building
Welding	– All welders must be appointed by the Group
	– No welding or cutting operation should be allowed near places where combustible material are stored, or near material or plant where explosive or flammable dust, gases or vapour are likely to be present or omitted
	– Welders should wear fire resistant protective clothing, helmet and goggles with suitable filter lenses
	– A suitable fire extinguisher should be kept ready for immediate use at places where welding is done
	– Welding operations should be adequately screened from other workers and passers-by

Potential dangers	Safety measures and requirements
Use of machines, construction plant and equipment	– Construction plant should be examined by competent person at least once in every period of 7 days. Any fault finding during the inspection should firstly be reported to site agent. The records will be opened to regular inspection by the safety officer
	– Woodworking machine must not be used by anyone who has not received training or instruction and no person under eighteen years of age shall be employed on any woodworking machine
	– No smoking shall be allowed in the woodworking area and suitable fire extinguishers shall be readily available
Work at height and scaffolding	– All scaffold will be of good, strong and sound construction materials, free from defects and properly maintained
	– Standing scaffolds will be erected on firm stable bases and be adequately strutted and braced
	– All scaffolds are inspected by a competent person in accordance with the requirements of the regulations once every month or after exposure to weather conditions likely to affect its stability
Handling of dangerous goods	– No person shall work alone without supervision and use dangerous goods
	– All substances shall be clearly labeled and warning signs shall be posted at working areas to warn persons passing by. Suitable first aid equipment shall be available on site
	– All persons engaged in using dangerous goods shall be provided with adequate training, information and instruction
	– Substances shall be well stored and locked away after working hours

The Group has devised approaches in order to ensure safe working procedures are implementing constantly on site. Below are some of the key approaches:

Safety inspection	:	Safety supervisor shall inspect the site thoroughly at least once a week to check the compliance with the regulations and report any irregularities to relevant parties to improve various undesirable conditions
Site safety meeting	:	The project manager, foreman and safety supervisor, shall meet to discuss and evaluate the situation of the site in respect of accident prevention. The project manager, as the chief controller of the project, shall allocate all possible resources for the site safety supervisor's recommendation
Safety audit	:	Audit will be carried out on a monthly basis. The result of the audit will be used for trend analysis, performance appraisals
Site safety committee	:	The committee involves site management and workers' representatives. It aims to promote/strengthen the safety standard and to prevent accident to extend. Such meetings are held regularly
Safety promotion fund	:	A safety promotion fund has been established for training, promotion and incentive. In addition, the Group also holds seasonal inter-site safety competition regarding (a) non-personal injury; (b) prosecution by relevant authority; (c) severity rate; (d) site safety audit; and (e) accident rate. The winning site would be remunerated
Training	:	The Group will arrange every new employee to attend an induction training which will include general site safety before they perform works on site. In addition, safety training would be held for site management staff at regular interval to update their knowledge
Selection and control of subcontractor	:	Contracts will only be awarded to subcontractors who can display a good safety record. The appraisal of subcontractors is assessed by site management team and safety team. Once contract is awarded, the subcontractors must comply with the Group's safety rules. For further details, please refer to sub-section headed "Subcontractors – Control on subcontractors" in this section

Internal procedures to handle employees' injuries and accidents at work

Given the nature of the services provided by the Group, the Group's staff is vulnerable to work-related accidents and injuries due to potentially hazardous working environment such as working at height or confined spaces. The Group has a system in place to record and handle work-related accidents and injuries of its staff during the Track Record Period and up to the Latest Practicable Date. The recording and handling of work-related accidents and injuries of the staff are handled by the administration and human resources department. Personnel from this department is also responsible for liaising with the relevant insurance company and the claimant. The Group's major procedures of reporting, recording and handling accidents and injuries of the employees are as follows:

1. the injured staff should inform the on-site supervisor of the details of injury including but not limited to venue, time, cause of injury, etc.;
2. an incident report will be filed to the management as well as the relevant government department in accordance with relevant laws and regulations;
3. the safety supervisor will then proceed with the investigation procedure and prepare an incident investigation report as well as improvement safety measures to the management; and
4. the safety personnel will keep monitoring the implementation of such improvement measures.

During the Track Record Period and up to the Latest Practicable Date, the Group recorded accidents involving (i) two, two, three, seven and nil workers who were employed by the Group; and (ii) two, nil, one, nil and nil workers who were employed by the subcontractors of the Group, respectively. The Directors confirmed that there is sufficient insurance coverage for all of the accidents recorded during the Track Record Period and up to the Latest Practicable Date. The following table sets out the nature of the accidents recorded during the Track Record Period and up to the Latest Practicable Date:

Accidents involving employees of the Group

Date of the accident	Details of the accident and nature of injuries	Total amount settled	Status as at the Latest Practicable Date
18 October 2013	A worker alleged that his left hand was injured by fragment of cutting tools when he was working in Cotai, Macau	MOP2,819	Settled

Date of the accident	Details of the accident and nature of injuries	Total amount settled	Status as at the Latest Practicable Date
18 October 2013	A worker alleged that he stepped on iron nail accidentally causing injury to his right foot when he was working in Cotai, Macau	MOP2,277	Settled
13 January 2014	A worker alleged that his left thumb was injured by a cutting tool when he was working in Taipa, Macau	MOP22,564.03	Settled
16 April 2014	A worker alleged that his left hand was injured by an iron nail when he was tidying the garbage at a worksite in Macau Peninsula, Macau	MOP7,859.67	Settled
16 April 2015	A worker alleged that his left palm was injured when he was working in Cotai, Macau	MOP3,677	Settled
23 April 2015	A worker suffered crushing injury on his elbow by an elevating platform while he was installing ceiling at a worksite in Cotai, Macau	MOP3,975	Settled

Date of the accident	Details of the accident and nature of injuries	Total amount settled	Status as at the Latest Practicable Date
25 October 2015	A worker alleged that his right leg was injured as the operator of forklift truck was not aware of his position and struck the worker when he crossed the front of the forklift truck when he was working in Cotai, Macau	MOP15,273	Settled
7 January 2016	A worker alleged that he accidentally fell on the stairs and hit his nose when he was walking on level 1 stairs in water shoes at a worksite in Cotai, Macau	MOP4,392	Settled
4 May 2016	A worker alleged that his right eye was injured accidentally by fragment of an iron bar when he was cutting the iron bar with a manual cutter at a worksite in Cotai, Macau	MOP2,305	Settled

Date of the accident	Details of the accident and nature of injuries	Total amount settled	Status as at the Latest Practicable Date
28 May 2016	A worker alleged that his right middle and ring fingers were lacerated by the rotating saw when he was sweeping the dust residues on the bench type of circular saw during the course of plywood trimming at a worksite in Cotai, Macau	As at the Latest Practicable Date, the total amount settled is to be ascertained	On-going
20 June 2016	A worker suffered left ankle sprain accidentally when he was working at a worksite in Cotai, Macau	MOP595	Settled
27 June 2016	A worker suffered an injury on his right ring finger accidentally while he was using breaker to do the concrete breaking work by putting his right hand on breaker's and chisel's intermediate at a worksite in Cotai, Macau	MOP478	Settled
15 July 2016	A worker alleged that his right hand was injured accidentally when he was doing plasterboard works in a worksite in Cotai, Macau	MOP657	Settled

Date of the accident	Details of the accident and nature of injuries	Total amount settled	Status as at the Latest Practicable Date
29 July 2016	A worker alleged that his left thumb was accidentally cut and injured when he was cutting silicone sealant with a razor at a worksite in Cotai, Macau	MOP3,793	Settled

Accidents involving employees of subcontractors of the Group

Date of the accident	Details of the accident and nature of injuries	Total amount settled	Status as at the Latest Practicable Date
4 October 2013	A worker alleged that he fell from 2nd floor due to fracture of a wood where he stood, causing injury to his left waist when working in Macau Peninsula, Macau	MOP24,828	Settled
19 October 2013	A worker alleged that his left index finger was injured while he was disassembling a piece of stainless steel when he was working in Cotai, Macau	MOP245,202	Settled
9 June 2015	A worker suffered comminuted fracture of his right calcaneus as he accidentally fell from a ladder when he was installing glass at 2 metres high at a worksite in Cotai, Macau	MOP219,624.33	Settled

Analysis on accident rate

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 Macau between the Group and the industry average during the Track Record Period:

	Industry average in Macau *(Note 1)*	**The Group** *(Note 2)*
2013		
Accident rate per 1,000 workers	22.8	24.10
Fatality rate per 1,000 workers	0.20	Nil
2014		
Accident rate per 1,000 workers	23.3	5.13
Fatality rate per 1,000 workers	0.15	Nil
2015		
Accident rate per 1,000 workers	25.5	3.24
Fatality rate per 1,000 workers	0.20	Nil
Seven months ended 31 July 2016		
Accident rate per 1,000 workers	N/A *(Note 3)*	8.16
Fatality rate per 1,000 workers	N/A *(Note 3)*	Nil

Notes:

1. Source: Labour Affairs Bureau of the Macau Government.

2. The Group's accident rate is calculated as the number of industrial accidents during the year/period divided by the daily average of the construction site workers (consisted of the employees of the Group's subcontractors only) in the Group's construction sites during the year/period.

3. The relevant data has not been published as at the Latest Practicable Date.

The following table sets forth the Group's lost time injuries frequency rate ("**LTIFR**") during the Track Record Period:

	LTIFR *(Note)*
For the year ended 31 December 2013	111.56
For the year ended 31 December 2014	23.74
For the year ended 31 December 2015	14.36
For the seven months ended 31 July 2016	37.7

Note: LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFRs shown above are calculated by multiplying the number of lost time injuries of the Group that occurred during the relevant year/period by 1,000,000 divided by the number of hours worked by site workers over the same year/period. It is assumed that the working hour of each worker is 9 hours per day.

For the year ended 31 December 2013, the Group's accident rate per 1,000 workers of approximately 24.10 is slightly higher than the industry average in Macau, which was mainly attributable to the relatively small number of cumulative workers for the year.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, the Group did not experience any significant incidents or accidents in relation to workers' safety.

ENVIRONMENTAL COMPLIANCE

Environmental compliance measures

The Group's operations are subject to certain environmental requirements pursuant to laws in Macau and Hong Kong, details of which are set out in the sections headed "Regulatory overview – The laws and regulations of Macau" and "Regulatory overview – The laws and regulations of Hong Kong" in this prospectus.

The Group's in-house rules contain mitigation measures and guidelines governing environmental protection compliance that are required to be followed by the Group's employees. Such mitigation measures and guidelines include, among others:

Area	Mitigation measures and guidelines
Air pollution controls	• Keep the working area clean to prevent accumulation of dusty materials. • Dusty material shall be properly covered before transport off site. • Cover the stockpile of dusty materials by imperious sheet. • Proper plant maintenance to reduce the black smoke emission. • Open burning of debris, construction waste, vegetation or other materials on the site will be prohibited.
Water pollution controls	• All kinds of construction wastewater shall be discharged into communal drains via sand traps or sediment basins to remove sand from the wastewater before discharge. • Toilet wastewater shall be discharged to the sewer tank or stored in a holding tank and then removed by licensed contractor. • Ensure all stockpile of sand shall be covered properly with impervious sheet during rainstorms.

Area	Mitigation measures and guidelines
Noise control	• All noisy construction activities shall only be carried out within the working hours in accordance with the statutory requirements or permits granted by the relevant authorities. • All equipment shall be properly and regularly maintained in good operating condition. This includes lubricating mobbing parts, tightening loose parts and replacing worn out components. • Reduce the number of powered mechanical equipment operating simultaneously if possible. Noisy construction activities shall be well arranged or devised to minimise noise impacts on the surrounding environment. • External cover of air compressor shall be closed at all time. • Machines and plants used intermittently shall be shut down when not used.
Waste management	• Avoid and minimise the generation of construction waste. Over ordering of materials can be avoided by good programming and site management. Contamination of delivered materials can be avoided by good site practice. • The reuse and recycling of waste shall be practiced as far as possible. The recycled materials shall include paper, steel metal and timber materials etc. • During storage and transportation of waste, tarpaulin covering or enclosed containers should be used to prevent fugitive dust. • Provide drip tray to avoid spillage. • Only collect the exact quantity of material and return surplus to stock after use.

Area	Mitigation measures and guidelines
	• Identify the chemical waste which will be generated from construction activities, means of packaging, labeling, transportation and disposal in accordance with the statutory requirements. • General housekeeping, rubbish bins to be provided on site and regular cleaning by general labour. • The deteriorated materials should be disposed to landfill daily. • The quantity of truck should be recorded in the daily report.

Track record in relation to environmental compliance

For each of the three years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group incurred expenses in relation to compliance with applicable environmental rules and regulations in Macau of approximately MOP48,000, MOP139,000, MOP87,000 and MOP21,250, respectively. The Group estimates that the annual cost of compliance going forward will be at a level similar to that during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, there was no material breach of the Group's in-house environmental management rules by the Group's staff or non-compliance with the applicable laws and regulations relevant to environmental protection.

EMPLOYEES

Number of employees by function

As at 31 December 2013, 2014 and 2015, 31 July 2016 and the Latest Practicable Date, the Group had a total of 74, 90, 186, 168 and 161 employees, respectively. All of the employees of the Group are stationed in Macau and Hong Kong. Despite Lai Si (HK) has had no business operation in Hong Kong during the Track Record Period, the Group has employed several employees via Lai Si (HK) to provide supportive works for its current projects located in Macau and prepare for its expansion into the Hong Kong market.

The following table sets forth a breakdown of the number of the Group's employees by functions:

	As at 31 December			As at 31 July	As at the Latest Practicable Date
	2013	2014	2015	2016	
Macau					
Management	5	5	10	9	9
Administration, accounting and finance	6	7	10	15	14
Project management and execution (including project managers, engineers, foremen, site agents, quantity surveyors)	12	14	26	30	31
Direct workers	51	64	140	110	103
Sub-total	74	90	186	164	157
Hong Kong					
Management	–	–	–	–	2
Administration, accounting and finance	–	–	–	–	1
Project management and execution (including project managers, engineers, foremen, site agents, quantity surveyors)	–	–	–	4	1
Sub-total	–	–	–	4	4
Total	74	90	186	168	161

Relationship with staff

The Directors consider that the Group has maintained good relationship with its employees. The Directors confirm that the Group had not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor had the Group experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, there was no labour union established by employees.

Recruitment policy

The Group generally recruits its employees from the open market mainly through placing recruitment advertisements. The Group intends to use its best effort to attract and retain appropriate and suitable personnel to serve the Group. The Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of the Group.

Training and remuneration policy

The Group will enter into separate employment contracts with each of its employees in accordance with the applicable employment laws in Macau.

The remuneration package offered to the Group's employees generally included basic salaries, bonuses and other cash allowances or subsidies. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

The Group will arrange various types of training to its employees, including occupational safety education and training conducted by external parties to enhance their awareness of work safety.

PROPERTIES

Owned properties

As at the Latest Practicable Date, the Group owned two properties for its operation in Macau, one of which was acquired subsequent to the Track Record Period, and their details are set out as below:

Property owned by the Group throughout the Track Record Period and up to the Latest Practicable Date

No.	Location	Saleable area *sq. ft. (approximately)*	Use of the property
1.	Unit C, 9/F. Industrial Tong Lei No. 41 Rua da Alegria Nos. 16A-16D Avenida do Almirante Lacerda Macau	4,348 *(Note)*	For general office and operational use

As at 30 November 2016, the market value of the above property was approximately HK$26,000,000 (equivalent to approximately MOP26,780,000) as appraised by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer. For further details of the Group's property interests, please refer to the appendix headed "Property valuation" set out in Appendix IV to this prospectus.

Note: Approximately 59.0 sq. ft. of the property was leased by the Group to Combo for general office and operational use during the Track Record Period, which will be continued after the Listing. This will constitute a continuing connected transactions of the Company upon Listing. For further details, please refer to the section headed "Connected transactions" in this prospectus.

Property acquired by the Group subsequent to the Track Record Period

On 2 August 2016, Lai Si entered into a sales and purchase agreement with an Independent Third Party for the acquisition of a property at a consideration of HK$67,000,000 (equivalent to approximately MOP69,010,000). Completion of the acquisition took place on 24 October 2016. The acquisition was financed by the Group's internal resources and banking facilities. Details of the property are set out as below:

No.	Location	Saleable area *sq. ft. (approximately)*	Proposed use of property
1.	No. 54 Rua da Ribeira do Patane and No. 23 Travessa do Enleio, Macau	9,325 plus 1,349 (roof area)	For general office and operational use

Based on the appraisal conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the market value of the above property as at 30 November 2016 was approximately HK$90,000,000 (equivalent to approximately MOP92,700,000). For further details, please refer to the appendix headed "Property valuation" set out in Appendix IV to this prospectus. The Group was able to acquire the property at a price lower than its market value because, to the best knowledge of the Directors, the vendor of the property was in urgent need of funding but could not find a willing buyer for the entire block of the property at the relevant time.

Leased properties

As at the Latest Practicable Date, the Group leased two properties in Macau and one property in Hong Kong for its operation, details of which are set out below:

No.	Location	Gross floor area *sq. ft.* *(approximately)*	Term/option	Lesser	Key terms of the tenancy	Use of the property
1.	Carpark No. 65, 1/F. Nos. 16 Ave. Almirante Lacerda Edf. Ind. Tong Lei 9-AND-C Macau	N/A	From 1 August 2016 to 31 July 2017	An Independent Third Party	Monthly rent of MOP3,000	Carpark

No.	Location	Gross floor area *sq. ft. (approximately)*	Term/option	Lesser	Key terms of the tenancy	Use of the property
2.	Carpark No. 18, 2/F. Nos. 16 Ave. Almirante Lacerda Edf. Ind. Tong Lei 9-AND-C Macau	N/A	From 1 November 2015 to 31 October 2016 and extended monthly afterwards	An Independent Third Party	Monthly rent of MOP2,800	Carpark
3.	Unit 501, 5/F. The L.Plaza Nos. 367-375 Queen's Road Central Hong Kong	625	From 1 November 2016 to 31 October 2017	An Independent Third Party	Monthly rent of HK$19,000 (equivalent to approximately MOP19,570), exclusive of management fee, government rates and air-conditioning charges	For general office and operational use

During the Track Record Period, the Group had not experienced any difficulty in renewing the leases.

INTELLECTUAL PROPERTY RIGHTS

Trademarks

As at the Latest Practicable Date, the Group had registered one trademark in Macau and Hong Kong and applied for the registration of one trademark in Hong Kong, the registration of which is still pending. For further details on the Group's trademarks, please refer to section headed "B. Further information about the business of the Group – 2. Intellectual property rights – (a) Trademarks" in Appendix VI to this prospectus.

Domain name

As at the Latest Practicable Date, the Group had registered one domain name, being **www.lai-si.com** in Macau. Details are set out in the section headed "B. Further information about the business of the Group – 2. Intellectual property rights – (b) Domain name" in Appendix VI to this prospectus.

NON-COMPLIANCE

The Directors confirm that save as disclosed below, the Group has complied with all material applicable laws and regulations in Macau (being the principal jurisdiction in which the Group operates) during the Track Record Period and up to the Latest Practicable Date.

Summary of material non-compliance

A summary of the Group's historical material non-compliance during the Track Record Period is set out in the table below:

Particulars of the non-compliance and relevant laws and regulations applied	Reasons for non-compliance	Maximum penalties	Rectification measures taken by the Group
During the Track Record Period, Lai Si failed to comply with section 64 of the Complementary Tax Regulation ("**CTR**") for the years ended 31 December 2013, 2014 and 2015 in submitting the complementary tax return in the capacity as a Group A taxpayer within the time period as required by the relevant law. In addition, Lai Si failed to fully comply with Section 65 of the CTR in preparing accounts in accordance to the local financial reporting standards as required by section 18 of the CTR for the years ended 31 December 2013 and 2014.	The non-compliance was unintentional and due to the inadvertent oversight and insufficient knowledge of the relevant requirements of the Group's relevant staff on tax matters.	As advised by the Macau Tax Advisers, Lai Si would be subject to a fine from MOP100 to MOP20,000 for each financial year for failing to comply with section 64 of the CTR. In addition, Lai Si is also subject to repayment of the complementary tax shortfall. After the assessment by the Macau Tax Advisers, for each of the three years ended 31 December 2015, the assessable profits of Lai Si were approximately MOP18,106,000, MOP47,976,000 and MOP44,402,000, respectively. The relevant complementary tax shortfall for the years ended 31 December 2013 and 2014 was approximately MOP1,949,000 and MOP5,421,000, respectively. The complementary tax expense for the year ended 31 December 2015 was approximately MOP5,256,000. As advised by the Macau Tax Advisers, Lai Si would be subject to a fine for each financial year from MOP100 to MOP2,000 for failing to comply with section 65 of the CTR.	Lai Si has voluntarily re-submitted the tax filing in August 2016. The Financial Services Bureau of the Macau Government has not yet issued tax assessments to Lai Si. Lai Si has made the relevant tax provision of approximately MOP2,358,000, MOP6,345,000 and MOP5,792,000 for the years ended 31 December 2013, 2014 and 2015, respectively.

Tax non-compliance prior to the Track Record Period

As advised by the Macau Tax Advisers, according to section 55 and section 74 of the CTR, the settlement of complementary tax as well as penalties are limited to five years from the respective financial year. In other words, the Financial Services Bureau of the Macau Government will lose its rights to recover the complementary tax and impose penalties after five years. As such, the Financial Services Bureau of the Macau Government only has the right to recover the settlement of complementary tax and impose penalties for any non-compliance which occurred in or after the financial year 2011.

As advised by the Macau Tax Advisers, according to section 4 of the CTR, a company will be treated as a Group A taxpayer by fulfilling any one of the following conditions: (i) being an anonymous company with limited liability, or a joint stock company with limited liability, or a cooperative; (ii) having a registered capital exceeding MOP1 million or having an average taxable profits exceeding MOP500,000 in the last 3 years; or (iii) being a company with proper accounts prepared which has applied to the Financial Services Bureau of the Macau Government to change to Group A taxpayer before 31 December of the relevant taxation year. The Directors confirmed that Lai Si had an average taxable profit of more than MOP500,000 during the three years ended 31 December 2011 and following the advice by the then accountant of Lai Si, Lai Si has applied to the Financial Services Bureau of the Macau Government to change from Group B taxpayer to Group A taxpayer in 2011. As such, Lai Si is required to comply with relevant laws and regulation as required under the CTR in the capacity as a Group A taxpayer. As advised by the Macau Tax Advisers, according to section 18 of the CTR, Group A taxpayers are obliged to prepare and maintain its accounts in accordance to the local financial reporting standards while Group B taxpayers should maintain sales, purchase register and provide labour register if the Group B taxpayer does not have properly prepared accounts. However, due to inadvertent oversight and insufficient knowledge of the relevant requirements of the Group's relevant staff on tax matters, the Group failed to prepare and maintain its accounts in accordance to the local financial reporting standard. As such, the Group has filed complementary tax returns to the Financial Services Bureau of the Macau Government but such returns were not in conformity with the requirements as a Group A taxpayer and hence, Lai Si unintentionally failed to comply with section 64 of the CTR for the years ended 31 December 2011 and 2012 in submitting the complementary tax return in the capacity as a Group A taxpayer within the time period as required by the relevant law. In addition, Lai Si failed to fully comply with section 65 of the CTR in preparing accounts in accordance to the local financial reporting standards as required by section 18 of the CTR for the years ended 31 December 2011 and 2012.

As advised by the Macau Tax Advisers, Lai Si would be subject to a fine from MOP100 to MOP20,000 for each financial year for failing to comply with section 64 of the CTR and repayment of the complementary tax shortfall. Lai Si would also be subject to a fine for each financial year from MOP100 to MOP2,000 for failing to comply with section 65 of the CTR.

After the assessment by the Macau Tax Advisers, for each of the two years ended 31 December 2012, the assessable profits of Lai Si were approximately MOP6,409,000 and MOP16,597,000, respectively. As such, the relevant complementary tax shortfall for the years ended 31 December 2011 and 2012 was approximately MOP696,000 and MOP1,819,000, respectively.

Lai Si has voluntarily re-submitted the tax filing for the years ended 31 December 2011 and 2012, but the Financial Services Bureau of the Macau Government has not yet issued tax assessments to Lai Si. Lai Si has made the relevant tax provision of approximately MOP952,000 and MOP2,228,000 for the years ended 31 December 2011 and 2012, respectively.

Save for the tax non-compliance as mentioned above, the Directors confirmed that Lai Si has complied its obligations under the relevant rules and regulations as required under the CTR.

Indemnity given by the Controlling Shareholders

In relation to the aforesaid, the Controlling Shareholders have undertaken to indemnify the Group against all losses and liabilities arising from the above non-compliant incidents. Please refer to the section headed "E. Other information – 1. Tax and other indemnity" in Appendix VI to this prospectus for further details.

Key measures taken and to be taken to avoid recurrence of the non-compliant incident

In order to ensure sound implementation of the Group's risk management and internal control policies, the Group has adopted and will adopt various on-going measures as set out below:

(i) Lai Si had made a provision of approximately MOP17,488,000 for the complementary tax shortfall for the four years ended 31 December 2014 and the complementary tax expense for the year ended 31 December 2015;

(ii) the Group will engage a Macau tax expert to provide professional advice and assistance as to compliances in relation to the Macau tax laws on an ongoing basis who shall notify the Group for any updates on rules and regulations regarding Macau tax;

(iii) the Group has improved its existing internal control framework by adopting a set of internal control policies and procedures in June 2016 to prevent recurrence of non-compliance incidents. Such internal control measures include:

- The Group's books and records will be prepared in accordance to Hong Kong Accounting Standards, which are materially similar to the accounting standards accepted by the local tax authority in Macau.

- The tax computations will be performed by staff from the accounting department and reviewed by the finance manager, who is a qualified accountant.

(iv) on 29 August 2016, the accounting staff and the finance manager of the Group and the executive Directors received training from a Macau tax expert concerning laws and regulations in relation to the Macau jurisdiction. The Group will continue to provide regular training to keep the relevant staff informed of any updates on the Macau tax laws and regulations;

(v) the Group will continue to engage an internal control consultant after the Listing to review the adequacy and effectiveness of the internal control system, including areas of financial compliance; and

(vi) the senior management will review the Group's internal control policies and procedures semi-annually in relation to the tax compliance or upon advisory by Macau tax expert on latest changes and updates on laws and regulations in relation to Macau tax.

Review by the Internal Control Consultant

The Internal Control Consultant has completed follow-up reviews on the enhanced internal control measures in August 2016 and confirmed to be unaware of any unrectified weaknesses. Taking into account the facts that (i) there were no findings of material weakness or material insufficiency in the Group's enhanced internal control system after the follow-up reviews by the Internal Control Consultant; and (ii) the Group has properly implemented the enhanced internal control measures recommended by the Internal Control Consultant, the Directors are of the view that the enhanced internal control measures are adequate and effective for the Group's operations.

View of the Macau Tax Advisers

In connection with the non-compliance, the Macau Tax Advisers have issued an independent Macau tax opinion as to the potential tax penalties as a result of failing to comply with sections 64 and 65 of the CTR. The Macau Tax Advisers have obtained and reviewed all tax filings and correspondences between the Group and the Financial Services Bureau of the Macau Government for the two years ended 31 December 2012 and during the Track Record Period.

The Macau Tax Advisers opined that, according to the CTR, the fine for unintentional breach of section 64 of the CTR ranges from MOP100 to MOP10,000 for each financial year while the fine for intentional breach of section 64 of the CTR ranges from MOP1,000 to MOP20,000 for each financial year. Given the non-compliance was unintentional, and mainly due to inadvertent oversight and insufficient knowledge of the relevant requirements of the Group's relevant staff on tax matters and the Group has voluntary re-submit the tax filing to rectify the non-compliance incident, but the Financial Services Bureau of the Macau Government may impose a fine up to MOP100,000 to Group as a penalty of breaching section 64 of the CTR for the five years ended 31 December 2015. It is further opined that, in view of the understated assessable profits for the years ended 31 December 2011, 2012, 2013, and 2014, the Financial Services Bureau of the Macau Government is likely to issue an additional assessment to Lai Si and Lai Si is subject to the repayment of the relevant complementary tax shortfall of approximately MOP696,000, MOP1,819,000, MOP1,949,000 and MOP5,421,000, respectively. For the year ended 31 December 2015, Lai Si is subject to a complementary tax of approximately MOP5,256,000. As advised by the Macau Tax Advisers, there is no interest incurred on the aforementioned complementary tax shortfall and complementary tax payable because the Financial Services Bureau of the Macau Government has not issued any formal tax assessments up to the Latest Practicable Date. According to the CTR, the fine for failing to comply with section 65 of the CTR ranges from MOP100 to MOP2,000 for each financial year and therefore the maximum penalty for Lai Si should not exceed MOP10,000.

Given that (i) the aggregate maximum penalty of breaching sections 64 and 65 of the CTR during the three years ended 31 December 2015 will not exceed MOP110,000; (ii) the aggregate amount of complementary tax shortfall and complementary tax payable for the five years ended 31 December 2015 is likely to be approximately MOP15,141,000; and (iii) Lai Si has made an aggregate tax provision of approximately MOP17,488,000 for the said non-compliance incident, the Macau Tax Advisers are of the view that the tax provision made by Lai Si is sufficient and the penalties of the said non-compliance incident, including the complementary tax shortfall and complementary tax payable, would not have material impact on the Group's financial results.

View of the Directors and the Sponsor

The Sponsor has reviewed the rectification to historical non-compliance and the internal control report prepared by the Internal Control Consultant, discussed with the Internal Control Consultant on the design effectiveness of the enhanced internal control measures and concurred with the Directors' view that the Company's enhanced internal control measures could sufficiently and effectively ensure a proper internal control system of the Group.

After taking into consideration that (i) the non-compliance was unintentional and due to inadvertent oversight and insufficient knowledge of the relevant requirements of the Group's relevant staff on tax matters; (ii) the Group has voluntarily re-submitted the tax filing to rectify the non-compliance incident; (iii) the Group has adopted internal control policies and procedures to prevent recurrence of non-compliance incidents; (iv) the accounting staff and the finance manager of the Group and the executive Directors received training from a Macau tax expert concerning laws and regulations in relation to the Macau jurisdiction; (v) the Group will continue to provide regular training to keep the relevant staff informed of any updates on the Macau tax laws and regulations; and (vi) the Group will engage a Macau tax expert to provide professional advice and assistance as to compliances in relation to the Macau tax laws on an on-going basis, the Sponsor is of the view that the Directors possesses the character, experience, integrity and suitability as a director of a listed company as required under Rule 3.08 and 3.09 of the Listing Rules and are competent to manage the Group's business in a law abiding manner.

LITIGATION

As at the Latest Practicable Date, the Group was involved, as one of the defendants, in two civil litigation claims brought to Macau Base Court which are related to the same incident occurred at Sin Fong Garden Building in Macau on 10 October 2012. A summary of each of the two civil litigation claims is as follows:

(1) First claim

Commencement Date	:	25 September 2015
Claimants	:	Lei Chi Tou, Lei Chi Heng and Chan Yue Keong, all being flat owners of Sin Fong Garden Building (the "**Building**")
Defendants	:	(1) Tak Nang – Sociedade de Investimento e Desenvolvimento, Lda. ("**Tak Nang**"); (2) Companhia de Construção e Engenharia Kin Sun (Macau), Lda ("**Kin Sun**"); (3) Cheong Nim Tou; and (4) Lai Si
Claim and amount	:	Compensation for the 'irreparable loss' of the property in the total amount of HK$48,950,000 (equivalent to MOP50,418,500), which is the market value of the flats and car parking spaces concerned before the occurrence of the incident, to be paid jointly by the defendants.
Claimants' case	:	The claimants alleged that the foundation works at the adjacent construction site where Kwong Heng Building previously existed were conducted by, among others, Lai Si, in such a manner as to cause the destabilisation of the soil on which the Building is erected, which, in turn, led to the complete failure of one of its supporting pillars in October 2012 and as a consequence thereof, the Building is in danger of collapse due to lack of support and has sustained 'irreparable loss'.

Lai Si's case	:	Lai Si disputed the claim on the grounds that (i) even assuming that the foundation works are the main cause of the incident, which Lai Si strenuously denied, it could not be held responsible for those foundation works as it only conducted the demolition works of the old building and had been replaced by Kin Sun as the contractor well before the commencement of those foundation works; (ii) various technical surveys and studies commissioned by the Macau Government have shown that the collapse of the supporting pillar of the Building was due to its lack of strength arising from the use of substandard cement in its construction rather than the foundation works undertaken at the adjacent construction site; and (iii) the claimants did not suffer any impairment in the legal entitlement to their properties.
Status of the claim	:	Trial hearings are being scheduled and the dates are yet to be confirmed.

The opinion of the Macau Legal Advisers	:	As advised by the Macau Legal Advisers, Lai Si has a reasonable prospect (i.e. over 50%) of being acquitted of all the claims on the following grounds: (i) Lai Si only conducted the demolition works of the old building at the adjacent construction site and did not undertake the foundation works (which the claimants alleged to be the main cause of the incident) as it had been replaced by Kin Sun as the contractor well before the commencement of the foundation works; (ii) there is an abundance of evidence (including various technical surveys and studies commissioned by the Macau Government) which shows that the collapse of the supporting pillar of the Building was due to its inherent defects arising from the use of substandard materials in its construction rather than the foundation works undertaken at the adjacent construction site; and (iii) the claimants are seeking compensation for the market value of their properties before the occurrence of the incident as if they had been stripped of their legal entitlement thereto due to the alleged fault of the defendants but, if that is the legal basis of the claimants' claim as appeared from the court documents filed by them, there is little legal merit in such claim since the legal entitlement to the claimants' properties remains intact irrespective of the gravity of the physical damage caused to the Building. As advised by the Macau Legal Adviser, in event of the defendants should not be acquitted from the claim, it is highly likely that the liability of Lai Si can be covered by the insurance contracted by the developer of the construction, Tak Nang. Under the relevant insurance policy, there is a limit of indemnity at MOP5,000,000.00.

(2) Second claim

Commencement Date	:	6 October 2015
Claimant	:	Macau Special Administrative Region of the PRC

Defendants	:	Ho Weng Pio, Companhia de Engenharia e Construção Weng Fok, Limitada and Joaquim Ernesto Sales (collectively, the "1st Defendants"), and where these parties are not found to be responsible, against Tak Nang – Sociedade de Investimento e Desenvolvimento, Lda., Lai Si, Lda., Companhia de Construção e Engenharia Kin Sun (Macau), Lda. (collectively, the "2nd Defendants")
Claim and amount	:	Compensation for the total amount of costs incurred by the claimant in respect of the measures adopted to prevent the collapse of the Building and to ensure the safety of citizens and adjacent buildings, as well as the costs of the technical advisers and experts hired by the Macau Government to study the causes of the incident, to be paid jointly by the defendants, which amounted to MOP12,805,589.66 as at the date of the initial petition on 6 October 2015.
Claimant's case	:	The claimant alleged that the 1st Defendants had failed to comply with the relevant construction regulations by using substandard cement in the construction of the supporting pillar of the Building which had eventually led to its collapse. In the alternative, if the claim against the 1st Defendants is not substantiated, the claimant further alleged that the collapse of the supporting pillar of the Building was attributable to the foundation works undertaken by the 2nd Defendants at the adjacent construction site where Kwong Heng Building previously existed.
Lai Si's case	:	In addition to contesting the amount of the claim, Lai Si disputed the claim on the grounds that (i) even assuming that the foundation works are the main cause of the incident, which Lai Si strenuously denied, it could not be held responsible for those foundation works as it only conducted the demolition works of the old building and had been replaced by Kin Sun as the contractor well before the commencement of those foundation works; and (ii) various technical surveys and studies commissioned by the Macau Government have shown that the collapse of the supporting pillar of the Building was due to its lack of strength arising from the use of substandard cement in its construction rather than the foundation works undertaken at the adjacent construction site.

Status of the claim	:	Trial hearings are being scheduled and the dates are yet to be confirmed.
The opinion of the Macau Legal Advisers	:	As advised by the Macau Legal Advisers, Lai Si has a reasonable prospect (i.e. over 50%) of being acquitted of all the claims on the following grounds: (i) Lai Si only conducted the demolition works of the old building at the adjacent construction site and did not undertake the foundation works (which the claimant alleged to be one of the main causes of the incident) as it had been replaced by Kin Sun as the contractor well before the commencement of the foundation works; and (ii) there is an abundance of evidence (including various technical surveys and studies commissioned by the Macau Government) which shows that the collapse of the supporting pillar of the Building was due to its inherent defects arising from the use of substandard materials in its construction rather than the foundation works undertaken at the adjacent construction site. As advised by the Macau Legal Advisers, in event of the defendants should not be acquitted from the claim, it is highly likely that the liability of Lai Si can be covered by the insurance contracted by the developer of the construction, Tak Nang. Under the relevant insurance policy, there is a limit of indemnity at MOP5,000,000.00.

Indemnity given by the Controlling Shareholders

In relation to the aforesaid, the Controlling Shareholders have undertaken to indemnify the Group against all losses and liabilities arising from the above legal proceedings. Please refer to the section headed "E. Other information – 1. Tax and other indemnity" in Appendix VI to this prospectus for further details.

No other litigation

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

CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), SHKMCL will be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of the Company. SHKMCL is owned as to 50%, 30% and 20% by Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai, respectively. Mr. Stanley Lai is the father of Mr. Harry Lai and Ms. Karen Lai. As such, (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL are regarded as the Controlling Shareholders.

Prior to the Reorganisation, the entire equity interests of Lai Si, Well Team and Lai Si (HK) were directly held by Mr. Stanley Lai, Mr. Harry Lai, Ms. Karen Lai and/or Ms. Lai Ieng Fai (who is a daughter of Mr. Stanley Lai) on behalf of the family of Mr. Stanley Lai. Lai Si, Well Team and Lai Si (HK) were beneficially and wholly owned by the family members of Mr. Stanley Lai collectively as the controlling shareholders. Mr. Stanley Lai, Mr. Harry Lai or Ms. Karen Lai (as the case may be) will, after the Listing, continue to hold Lai Si, Well Team and Lai Si (HK) through their shareholdings in the Company on behalf of the family members of Mr. Stanley Lai.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

The Directors believe that the Group is capable of carrying on its businesses independently of, and does not place undue reliance on, the Controlling Shareholders and their respective close associates (other than members of the Group) taking into account the following factors:

Financial independence

The Group has an independent financial system and makes financial decisions according to its business needs. The Group has sufficient capital to operate its business independently, and has adequate internal resources to support its day-to-day operations.

During the Track Record Period and up to the Latest Practicable Date, the Group had relied principally on shareholder's equity, cash generated from operations and bank borrowings to finance its business. Upon completion of the Share Offer, the Group expects that its operations will be financed mainly by the net proceeds from the Share Offer, internally generated funds and borrowings from financial institutions.

The non-trade related amounts due to or from the Controlling Shareholders and their respective close associates (other than members of the Group) will be fully settled prior to the Listing and there will be no outstanding loans to or from the Controlling Shareholders and their respective close associates (other than members of the Group) prior to the Listing. The loan guarantees to or from the Controlling Shareholders and their respective close associates (other than members of the Group) will be released upon the Listing.

Well Team has from time to time leased certain portion of its property at Unit C, 9/F., Industrial Tong Lei, Nos. 16A-16D Avenida do Almirante Lacerda, Macau to Combo and it is anticipated that Well Team will continue to lease the aforesaid property to Combo. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the revenue generated from Combo for the leasing of the aforesaid property amounted to approximately MOP7,000, MOP31,000, MOP36,000 and MOP21,000, respectively, representing less than 0.1% of the total revenue of the Group, respectively. The revenue generated from Combo for the leasing of the aforesaid property is insignificant compared with the total revenue of the Group during the Track Record Period.

The Group has from time to time provided services of (a) fitting-out works as an integrated fitting-out contractor; (b) construction works as a main contractor; and (c) repair and maintenance works, all in Macau, to the Private Group (as defined in the section headed "Connected transactions – Relationships between the Group and the connected persons of the Company" in this prospectus) in the ordinary and usual course of business and it is anticipated that the Private Group will continue to engage the Group to provide the aforesaid construction-related services in the ordinary and usual course of business of the Group. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the revenue generated from the Private Group for the aforesaid construction-related services amounted to approximately MOP2.4 million, MOP3.3 million, MOP0.9 million and MOP41,000, respectively, representing approximately 4.0%, 2.8%, 0.4% and 0.03% of the total revenue of the Group, respectively. The revenue generated from the Private Group for the aforesaid construction-related services is insignificant compared with the total revenue of the Group during the Track Record Period.

The Directors consider that the Group has not relied on Combo and the Private Group as its source of revenue and that the impact of the transactions with Combo and the Private Group on its financial independence is minimal.

Operational independence

Sales, marketing and administrative functions relating to its business are carried out independently by the Group. The Group has sufficient operational capacity in terms of capital, equipment and employees to operate its businesses independently of the Controlling Shareholders and their respective close associates (other than members of the Group).

Management independence

The Group's management and operational decisions are made by the Board and the senior management personnel. The Board comprises four executive Directors and three independent non-executive Directors. Other than being the executive Directors, Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai are also directors of SHKMCL, which is one of the Controlling Shareholders. SHKMCL is an investment holding company without operations other than holding the Shares for Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai. Save as disclosed above, none of the Directors serves any executive or managerial role in SHKMCL.

Each of the Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the best interest of the Group and not to allow any conflict between his/her duties as a Director and his/her personal interests. The independent non-executive Directors all have extensive experience in different fields and they have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. The Directors believe that the presence of Directors with different backgrounds provides a balance of views and opinions. Please refer to the section headed "Directors and senior management – Directors" in this prospectus for the background of the Directors. The Board acts collectively by majority decisions in accordance with the Articles and applicable laws, and no single Director will have any decision making power unless otherwise authorised by the Board.

In the event that there is a potential conflict of interest arising from any transaction to be entered into between the Group and any of the Directors or their respective close associates (other than members of the Group), the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transaction and shall not be counted in the quorum. Furthermore, in the event that there is a potential conflict of interest arising from any transaction to be entered into between the Group and any of Mr. Stanley Lai, Mr. Harry Lai, Ms. Karen Lai and Ms. Annie Cheong or their respective close associates (other than members of the Group), all of Mr. Stanley Lai, Mr. Harry Lai, Ms. Karen Lai and Ms. Annie Cheong shall abstain from voting at the relevant Board meetings in respect of such transaction and shall not be counted in the quorum. In case all of Mr. Stanley Lai, Mr. Harry Lai, Ms. Karen Lai and Ms. Annie Cheong are required to abstain from voting at the Board meeting due to potential conflict of interests, the three independent non-executive Directors will be able to form a quorum to ensure that the decisions of the Board are made after due consideration of independent and impartial opinions. Given the experience of the independent non-executive Directors, details of which are set out in the section headed "Directors and senior management – Directors – Independent non-executives Directors" in this prospectus, the Company believes that the remaining Board can still function properly in the event that all of Mr. Stanley Lai, Mr. Harry Lai, Ms. Karen Lai and Ms. Annie Cheong are required to abstain from voting.

In addition, the Group has a senior management team independent of the Controlling Shareholders and the backgrounds of the senior management personnel are set out in the section headed "Directors and senior management – Senior management" in this prospectus. None of the senior management personnel serves any executive or managerial role in SHKMCL.

In view of the aforesaid, the Directors are of the view that the management independence is upheld despite Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai also serving as directors of SHKMCL.

RULE 8.10 OF THE LISTING RULES

Mr. Stanley Lai, Mr. Harry Lai, Ms. Karen Lai and Ms. Annie Cheong incorporated Lai Si Construction (Singapore) Pte. Ltd. (the "**Excluded Company I**") in Singapore in November 2015 with the intention of providing services of (a) fitting-out works as an integrated fitting-out contractor; (b) construction works as a main contractor; and (c) repair and maintenance works, all in Singapore. The Excluded Company I is owned as to 20% by Mr. Stanley Lai, 50% by Mr. Harry Lai, 15% by Ms. Karen Lai and 15% by Ms. Annie Cheong. Since its incorporation and up to the Latest Practicable Date, the Excluded Company I had no business operations. Given that the Excluded Company I is expected to conduct its business only in Singapore, which is a location different from the Group's existing focus of business location, the Directors consider that there will be no competition between the business of the Group and the business of the Excluded Company I and the management of the Group does not intend to include the Excluded Company I in the Group.

Given that (i) the Excluded Company I had no business operations since its incorporation and up to the Latest Practicable Date and even if the Excluded Company I has commenced business operations, the executive Directors will hire competent personnel to manage the daily operations and the executive Directors will only give directions on business strategies to the management in respect of the Excluded Company I, therefore the time devoted to the Excluded Company I by the executive Directors would be minimal; (ii) the executive Directors devoted most of their time to the Group during the Track Record Period and will continue to focus on the business development of the Group; and (iii) being holders of Macau permanent identity cards, each of the executive Directors could travel frequently between Macau and Hong Kong, if necessary, without any difficulty and make himself/herself available to discuss any matters relating to the Group with other Directors and management of the Group, either physically or with the aid of telecommunication interfaces on an ad-hoc basis, the executive Directors consider that they are able to devote sufficient time and efforts to manage the Group's operations in Macau and Hong Kong.

Mr. Stanley Lai and two Independent Third Parties incorporated New Great River Construction Engineering Investment Company Limited (the "**Excluded Company II**") in Macau in April 1999 with registered capital of MOP100,000 for the purpose of providing construction-related services in Macau. The Excluded Company II is owned as to 45% by Mr. Stanley Lai and 55% by two Independent Third Parties. Since its incorporation and up to the Latest Practicable Date, the Excluded Company II had no business operations. A request to dissolve the Excluded Company II was made on 27 June 2016. As at the Latest Practicable Date, the Excluded Company II was still under the process of dissolution.

In view of the aforesaid, the Controlling Shareholders, the Directors and their respective close associates do not have any interest in a business apart from the Group's business which competes and is likely to compete, directly or indirectly, with the Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

The Controlling Shareholders have entered into the Deed of Non-competition in favour of the Company (for itself and as trustee for each of its subsidiaries from time to time), under which (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL have undertaken to the Company that they shall not, and shall procure that none of their respective close associates (other than members of the Group) shall, during the Restricted Period (as defined below), directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company (including but not limited to the Excluded Company II), among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business of providing services of (a) fitting-out works as an integrated fitting-out contractor; (b) construction works as a main contractor; and (c) repair and maintenance works, all in Macau, and any other new business which the Group may undertake from time to time after the Listing (the "**Restricted Business**").

The Deed of Non-competition does not apply to the relevant Controlling Shareholder in the circumstances where it/he/she has:

(a) any interest in the shares of any member of the Group; or

(b) interest in the shares of a company other than the Group provided that:

    (i) any Restricted Business conducted or engaged in by such company (and assets relating to any Restricted Business) accounts for less than 5% of that company's consolidated sales or consolidated assets, as shown in that company's latest audited accounts; and

    (ii) the total number of shares held by the Controlling Shareholders and their respective close associates (other than members of the Group) in aggregate does not exceed 5% of the issued shares of that class of the company in question and the Controlling Shareholders and their respective close associates (other than members of the Group) are not entitled to appoint a majority of the directors of that company.

The "**Restricted Period**" stated in the Deed of Non-competition refers to the period during which:

(a) the Shares remain listed on the Stock Exchange;

(b) either the Controlling Shareholders and their respective close associates (other than members of the Group), individually or jointly, are entitled to exercise, or control the exercise of, not less than 30% of the voting power at general meetings of the Company; or

(c) any of the Controlling Shareholders or their respective close associates remains as a director of any member of the Group.

(i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL have further undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the "**New Opportunity**") identified by or offered to the Controlling Shareholders and/or any of their respective close associates (other than members of the Group) (the "**Offeror**") shall first be referred to the Group in the following manner:

(a) the Controlling Shareholders are required to, and shall procure their respective close associates (other than members of the Group) to, promptly refer, or procure the referral of, the New Opportunity to the Group, and shall promptly give written notice to the Company of any New Opportunity containing all information reasonably necessary for the Group to consider whether (i) the New Opportunity would constitute competition with the business of the Group and/or any other new business which the Group may undertake at the relevant time; and (ii) it is in the interest of the Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the "**Offer Notice**"); and

(b) the Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a written notice from the Company declining the New Opportunity and confirming that the New Opportunity would not constitute competition with the business of the Group; or (ii) the Offeror has not received the notice from the Company within 10 business days from the Company's receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror shall refer the New Opportunity as so revised to the Group in the manner as set out above.

Upon receipt of the Offer Notice, the Company will seek opinions and decisions from a committee of the Board consisting of the independent non-executive Directors as to whether (a) the New Opportunity would constitute competition with the business of the Group; (b) it is in the interest of the Company and the Shareholders as a whole to take up the New Opportunity; and (c) to take up or decline the New Opportunity.

With a view to avoiding competition of businesses between the Group and the Controlling Shareholders, the independent non-executive Directors will, at least on an annual basis, review the compliance with and enforcement of the terms of the Deed of Non-competition by the Controlling Shareholders and the results of such review will be included in the Company's annual reports.

(i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL have further jointly and severally undertaken to promptly:

(a) provide all relevant information for the annual review by the independent non-executive Directors for compliance with and enforcement of the terms of the Deed of Non-competition;

(b) allow, subject to confidentiality restrictions imposed by any third party, the representatives, the auditors and (if necessary) the compliance adviser of the Company to have access to its/his/her business, financial and/or corporate records as may be necessary for the independent non-executive Directors to determine whether the Controlling Shareholders and their respective close associates (other than members of the Group) have complied with the terms of the Deed of Non-competition;

(c) make an annual declaration in the Company's annual report on compliance with and enforcement of the terms of the Deed of Non-competition in accordance with the Listing Rules; and

(d) address such other enquiries as may be made by the Stock Exchange, the SFC, any other regulatory bodies or the Company from time to time.

The Controlling Shareholders, for themselves and on behalf of their respective close associates (other than members of the Group), have acknowledged that the Company may be required by the relevant laws, and the rules and regulations of the stock exchange(s) on which the Shares may be listed and the regulatory bodies in effect from time to time to:

(a) disclose, from time to time, information on the New Opportunity, including but not limited to disclosure in the Company's annual reports or announcements the decision of the independent non-executive Directors to pursue or decline the New Opportunity, together with the reason in case of decline, and the Controlling Shareholders have agreed to the disclosure to the extent necessary to comply with any such requirement; and

(b) comply with such further legal or regulatory requirements in connection with the Deed of Non-competition and the Controlling Shareholders have agreed to do all such acts to facilitate the Company to comply with the same.

(i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL have jointly and severally undertaken that it/he/she will not, and will procure its/his/her respective close associates not to, directly or indirectly, solicit, interfere with or entice away from any member of the Group, any natural person, legal entity, enterprise or otherwise who, to any of the Controlling Shareholders' knowledge, as at the date of the Deed of Non-competition, is or has been or will after the date of the Deed of Non-competition be, a customer, supplier, distributor or management, technical staff or employee (of managerial grade or higher) of any member of the Group.

(i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL have further jointly and severally undertaken that it/he/she will not, and will procure its/his/her respective close associates not to, exploit its/his/her knowledge or information obtained from the Group to compete, directly or indirectly, with the Restricted Business.

CORPORATE GOVERNANCE MEASURES

Each of the Controlling Shareholders has confirmed that it/he/she fully comprehends its/his/her obligations to act in the best interests of the Company and the Shareholders as a whole. To avoid potential conflicts of interest, the Group will implement the following measures:

(a) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and the Directors (or their respective close associates), the interested Directors shall abstain from voting at the relevant Board meeting and shall not be counted in the quorum;

(b) the Controlling Shareholders will make an annual confirmation as to compliance with its/his/her undertaking under the Deed of Non-competition for inclusion in the annual report of the Company;

(c) the Board is committed to the view that the Board should include a balanced composition of executive and independent non-executive Directors so that the Board which can effectively exercise independent judgement. The Company has appointed three independent non-executive Directors. The Directors believe that the independent non-executive Directors are of sufficient caliber, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Details of the independent non-executive Directors are set out in the section headed "Directors and senior management – Directors – Independent non-executive Directors" in this prospectus;

(d) the Company has appointed Messis Capital as its compliance adviser, which will provide advice and guidance to the Company in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and internal controls. Please refer to the section headed "Directors and senior management – Compliance adviser" in this prospectus for further details in relation to the appointment of the compliance adviser;

(e) (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL undertake to provide all information requested by the Group which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition; and

(f) the independent non-executive Directors will, based on the information available to them, review on an annual basis (i) the compliance with the Deed of Non-competition; and (ii) all the decisions made in relation to whether to pursue the New Opportunity under the Deed of Non-competition. Findings of such review will be disclosed in the annual report of the Company.

It is expected that the transactions disclosed in this section will continue after the Listing, thereby constituting continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

RELATIONSHIPS BETWEEN THE GROUP AND THE CONNECTED PERSONS OF THE COMPANY

The relationships between the Group and the counterparties to the transactions disclosed in this section are as follows:

(a) Combo

Combo is owned as to 30% by Ms. Annie Cheong and 70% by Independent Third Parties. As Ms. Annie Cheong is one of the executive Directors, Combo, being an associate of Ms. Annie Cheong, will become a connected person of the Company upon the Listing pursuant to Rule 14A.07(4) of the Listing Rules.

(b) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai

As Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai are each an executive Director and are collectively Controlling Shareholders, companies (whether established or to be established by Mr. Stanley Lai and/or Mr. Harry Lai and/or Ms. Karen Lai individually or jointly with each other and/or Independent Third Party(ies) for the purpose of engaging in property development (excluding fitting-out works, construction works and repair and maintenance works)) in which Mr. Stanley Lai and/or Mr. Harry Lai and/or Ms. Karen Lai can exercise or control the exercise of 30% (or an amount for triggering a mandatory general offer under the Takeovers Code) or more of the voting power at their general meetings and which are not/will not be members of the Group (the "**Private Group**") are associates of Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai, and will become connected persons of the Company upon the Listing pursuant to Rule 14A.07(4) of the Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Catering Services Master Agreement

The Group has from time to time procured the catering services for the benefit of its employees (the "**Catering Services**") from the Combo Group and it is anticipated that the Group will continue to engage the Combo Group to provide the Catering Services.

On 18 January 2017, the Company entered into the catering services master agreement (the "**Catering Services Master Agreement**") with Combo, pursuant to which Combo shall provide, and shall procure its subsidiaries to provide, the Catering Services for a term commencing from the date on which dealings of the Shares first commence on the Stock Exchange and expiring on 31 December 2019 (both days inclusive) unless terminated earlier by agreement signed between the parties thereto.

Reasons for the transactions

The Combo Group has been providing the Catering Services to the Group since 2013. Taking into consideration that (a) the Catering Services provided by the Combo Group to the Group in the past were satisfactory in general; and (b) the time and resources which would otherwise incur in sourcing other catering services providers in the market, the Directors consider that retaining the Catering Services is beneficial to the Group and the Shareholders as a whole.

Transaction amounts

With respect to the transactions contemplated under the Catering Services Master Agreement, the historical figures during the Track Record Period and the proposed annual caps for the three years subsequent to the Track Record Period (collectively the "**Proposed Catering Annual Caps**" and each a "**Proposed Catering Annual Cap**") are listed below:

Historical figures for				Proposed Catering Annual Caps for		
the year ended 31 December			the seven months ended 31 July	the year ending 31 December		
2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
(Approximately)	*(Approximately)*	*(Approximately)*	*(Approximately)*	*(Approximately)*	*(Approximately)*	*(Approximately)*
74	99	212	186	360	360	360

The Proposed Catering Annual Caps are determined based on (a) the historical transaction amounts for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016; (b) the increase in the number of Macau employees during the Track Record Period from 74 as at 31 December 2013 to 164 as at 31 July 2016; and (c) the expected increase in the number of employees of the Group as a result of the potential growth of business of the Group in general.

The independent non-executive Directors have confirmed that the transactions contemplated under the Catering Services Master Agreement will be conducted on normal commercial terms or better, are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Listing Rules implications

As all the applicable percentage ratios (as defined in the Listing Rules) for the Proposed Catering Annual Caps are less than 5% and the Proposed Catering Annual Cap for each of the three years ending 31 December 2019 is less than HK$3,000,000, the transactions contemplated under the Catering Services Master Agreement will be fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules upon the Listing.

The Lease Agreement

Well Team has from time to time leased certain portion of its property at Unit C, 9/F., Industrial Tong Lei, Nos. 16A-16D Avenida do Almirante Lacerda, Macau (the "**Property**") to Combo and it is anticipated that Well Team will continue to lease the Property to Combo.

On 31 December 2016, Well Team entered into the lease agreement (the "**Lease Agreement**") with Combo, pursuant to which Well Team shall lease the Property with a leased area of approximately 59.0 sq. ft. to Combo for a term commencing from the date on which dealings of the Shares first commence on the Stock Exchange and expiring on 31 December 2019 (both days inclusive) unless terminated earlier by agreement signed between the parties thereto at a rental of MOP3,000 per month.

Reasons for the transaction

Well Team has been leasing the Property to Combo since October 2013. Taking into consideration that (a) the leasing of the Property to Combo does not add significant cost or cause any material interruption to the operations of the Group; and (b) the rental income provides additional income to the Group, the Directors consider that leasing the Property to Combo is beneficial to the Group and the Shareholders as a whole.

Transaction amounts

With respect to the transactions contemplated under the Lease Agreement, the historical figures during the Track Record Period and the proposed annual caps for the three years subsequent to the Track Record Period (collectively the "**Proposed Rental Annual Caps**" and each a "**Proposed Rental Annual Cap**") are listed below:

Historical figures for				Proposed Rental Annual Caps for		
the year ended 31 December			the seven months ended 31 July	the year ending 31 December		
2013	2014	2015	2016	2017	2018	2019
MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
(Approximately)	*(Approximately)*	*(Approximately)*	*(Approximately)*	*(Approximately)*	*(Approximately)*	*(Approximately)*
7	31	36	21	36	36	36

The Proposed Rental Annual Caps are determined based on arm's negotiation between the parties to the Lease Agreement with reference to the historical transaction amounts for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has carried out necessary research and enquires and advised that the rent payable under the Lease Agreement is fair and reasonable and consistent with the prevailing market rates for similar premises in similar location as at the date of commencement of the Lease Agreement and other terms under the Lease Agreement are also considered to be normal commercial terms common to other tenancy agreements of similar premises in Macau.

The independent non-executive Directors have confirmed that the transactions contemplated under the Lease Agreement will be conducted on normal commercial terms or better, are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Listing Rules implications

As all the applicable percentage ratios (as defined in the Listing Rules) for the Proposed Rental Annual Caps are less than 5% and the Proposed Rental Annual Cap for each of the three years ending 31 December 2019 is less than HK$3,000,000, the transactions contemplated under the Lease Agreement will be fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules upon the Listing.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNOUNCEMENT, CIRCULAR AND SHAREHOLDERS' APPROVAL REQUIREMENTS

The Construction-related Services Master Agreement

The Group has from time to time provided services of (a) fitting-out works as an integrated fitting-out contractor; (b) construction works as a main contractor; and (c) repair and maintenance works, all in Macau (the "**Construction-related Services**"), to the Private Group in the ordinary and usual course of business and it is anticipated that the Private Group will continue to engage the Group to provide the Construction-related Services in the ordinary and usual course of business of the Group.

On 18 January 2017, the Company entered into the construction-related services master agreement (the "**Construction-related Services Master Agreement**") with Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai, pursuant to which the Company shall provide, and shall procure its subsidiaries to provide, the Construction-related Services to the Private Group for a term commencing from the date on which dealings of the Shares first commence on the Stock Exchange and expiring on 31 December 2019 (both days inclusive) unless terminated earlier by agreement signed between the parties thereto.

Reasons for the transactions

As the Private Group engages in property development but not fitting-out works, construction works and repair and maintenance works, it requires the Construction-related Services from the Group. Through providing the Construction-related Services to the Private Group, the Group is rewarded the service fees. From the perspective of the Group, providing the Construction-related Services under the Construction-related Services Master Agreement to the Private Group offers the benefit of lower default risk as the Group and the Private Group are fellow subsidiaries. Besides, the Group can broaden its customer base by providing the Construction-related Services to the Private Group.

Transaction amounts

With respect to the transactions contemplated under the Construction-related Services Master Agreement, the historical figures during the Track Record Period and the proposed annual caps for the three years subsequent to the Track Record Period (collectively the "**Proposed Construction Annual Caps**" and each a "**Proposed Construction Annual Cap**") are listed below:

Historical figures for				Proposed Construction Annual Caps for		
the year ended 31 December			the seven months ended 31 July	the year ending 31 December		
2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
(Approximately)	*(Approximately)*	*(Approximately)*	*(Approximately)*	*(Approximately)*	*(Approximately)*	*(Approximately)*
2,361	3,325	857	41	20,000	20,000	7,000

The Proposed Construction Annual Caps are determined based on (a) the historical transaction amounts of the transactions for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016 (which were derived from two relatively smaller scale construction projects, each with an awarded contract sum of approximately MOP2.4 million and MOP4.4 million, respectively, and some ad-hoc repair and maintenance services) which were charged at cost; (b) the awarded contract sum of the agreement entered into between the Group and Premier Property Company Limited, being a company incorporated in Macau and owned as to 40% by Mr. Stanley Lai, 30% by Mr. Harry Lai, 10% by Ms. Karen Lai and 20% by an Independent Third Party, for the provision of construction works with a contract sum of approximately MOP35.6 million, which had not been commenced as at the Latest Practicable Date and is expected to be completed in or around March 2019 and the amount of revenue recorded by the Group may vary in each of the three years ending 31 December 2019 depending on the actual progress of the project in each financial year; (c) cost plus reasonable profit margins with reference to that charged to Independent Third Parties by the Group with similar projects in terms of (i) size, nature and scope; (ii) the estimated number and types of workers required; (iii) the estimated cost of materials required; (iv) the completion time requested by customers; (v) any further subcontracting needed; (vi) the prevailing market conditions; (vii) previous tender record; (viii) awarded tender of similar project; (ix) the relationship and familiarity with the customers; and (x) the potential price competitiveness of other tenders; and (d) the potential growth of business of the Group in general (including the transactions with the Private Group).

The independent non-executive Directors have confirmed, and the Sponsor is of the opinion, that:

(a) the transactions contemplated under the Construction-related Services Master Agreement will be entered into in the ordinary and usual course of the business of the Group, on normal commercial terms or better, are fair and reasonable and in the interests of the Group and the Shareholders as a whole; and

(b) the Proposed Construction Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Listing Rules implications

As all the applicable percentage ratios (as defined in the Listing Rules) for the Proposed Construction Annual Caps are less than 25% but the Proposed Construction Annual Cap for each of the two years ending 31 December 2018 is more than HK$10,000,000, the transactions contemplated under the Construction-related Services Master Agreement will, in the absence of a waiver, be subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14A of the Listing Rules upon the Listing.

APPLICATION FOR WAIVER

Given (a) the transactions contemplated under the Construction-related Services Master Agreement are expected to continue on a recurring basis after the Listing; (b) details of the transactions contemplated under the Construction-related Services Master Agreement are disclosed in this prospectus for the information of prospective investors; and (c) the confirmation of the independent non-executive Directors as set out above, the Directors consider that compliance with announcement, circular and shareholders' approval requirements under Chapter 14A of the Listing Rules would be unduly burdensome and would add unnecessary administration costs to the Group, which would not be beneficial to the Group and the Shareholders as a whole.

Pursuant to Rule 14A.105 of the Listing Rules, the Sponsor has applied on behalf of the Company to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with announcement, circular and shareholders' approval requirements under Chapter 14A of the Listing Rules for the non-exempt continuing connected transactions contemplated under the Construction-related Services Master Agreement, subject to the conditions set out below:

(a) the transactions contemplated under the Construction-related Services Master Agreement will be carried out in compliance with the requirements of the Listing Rules and the Company shall comply with the relevant requirements for continuing connected transactions in accordance with Chapter 14A of the Listing Rules; and

(b) the aggregate value of the fees for the Construction-related Services for each of the three financial years ending 31 December 2019 will not exceed the relevant Proposed Construction Annual Caps. The Company will comply with the applicable requirements of the Listing Rules if any of the respective Proposed Construction Annual Caps is exceeded.

The Directors have confirmed that apart from announcement, circular and shareholders' approval requirements of which the waiver is sought, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules after the Listing.

DIRECTORS

The Board currently consists of seven Directors comprising four executive Directors and three independent non-executive Directors. The following table sets out the information regarding the members of the Board:

Name	Age	Date of joining the Group	Date of appointment as Director	Position	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. LAI Ieng Man (黎英萬)	65	27 January 1987	1 June 2016	Executive Director and chairman of the Board	Overall management of the Group's corporate strategies planning	Father of Mr. Harry Lai and Ms. Karen Lai, and father-in-law of Ms. Annie Cheong
Mr. LAI Meng San (黎鳴山)	37	3 September 2001	1 June 2016	Executive Director and chief executive officer	Overall management of the Group's business development and marketing matters	Son of Mr. Stanley Lai, brother of Ms. Karen Lai and spouse of Ms. Annie Cheong
Ms. LAI Ieng Wai (黎盈惠)	36	1 March 2004	1 June 2016	Executive Director	Overall management of the Group's business operation	Daughter of Mr. Stanley Lai, sister of Mr. Harry Lai and sister-in-law of Ms. Annie Cheong
Ms. CHEONG Weng Si (張穎思)	38	17 February 2011	15 June 2016	Executive Director	Overall management of the Group's administrative matters	Spouse of Mr. Harry Lai, daughter-in-law of Mr. Stanley Lai and sister-in-law of Ms. Karen Lai

Name	Age	Date of joining the Group	Date of appointment as Director	Position	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. CHAN Chun Sing (陳振聲)	37	18 January 2017	18 January 2017	Independent non-executive Director	Providing independent judgement on the Group's strategy, performance, resources and standard of conduct	Nil
Mr. CHAN Iok Chun (陳玉泉)	51	18 January 2017	18 January 2017	Independent non-executive Director	Providing independent judgement on the Group's strategy, performance, resources and standard of conduct	Nil
Mr. MAK Heng Ip (麥興業)	35	18 January 2017	18 January 2017	Independent non-executive Director	Providing independent judgement on the Group's strategy, performance, resources and standard of conduct	Nil

Executive Directors

Mr. LAI Ieng Man (黎英萬), aged 65, was appointed as a Director on 1 June 2016 and then was appointed as an executive Director and the chairman of the Board on 18 January 2017. Mr. Stanley Lai is the founder of the Group and is primarily responsible for the overall management of the Group's corporate strategies planning. Mr. Stanley Lai is also a director of LSMAHL, WTMAHL, LSHKHL, Lai Si, Well Team and Lai Si (HK). He is the father of Mr. Harry Lai and Ms. Karen Lai, and the father-in-law of Ms. Annie Cheong.

Mr. Stanley Lai has over 29 years of experience in the fitting-out and construction industry in Macau. In January 1987, Mr. Stanley Lai established Construtor Civil Lai Ieng Man in Macau, a commercial enterprise which provided services of fitting-out works and construction works in Macau. In November 2004, Mr. Stanley Lai founded Lai Si with Mr. Harry Lai and Ms. Karen Lai, and he has been handling the Group's business operation since then.

Mr. Stanley Lai was previously a director of the company shown in the table below which was dissolved by way of voluntary winding-up by its shareholders:

Company	Place of incorporation	Date of incorporation	Date of dissolution
San Tin Long Development and Investment Company Limited	Macau	27 July 1993	21 June 2016

Mr. Stanley Lai confirmed that the above company was solvent immediately prior to its dissolution and there was no outstanding claim or material liabilities remain in connection with this company. Mr. Stanley Lai also confirmed that there is no wrongful act on his part leading to the above dissolution of the company and he is not aware of any actual or potential claim has been or will be made against him as a result of the dissolutions of these company/commercial enterprise.

Mr. Stanley Lai did not hold any directorship in other listed companies in the past three years and does not hold any other position with the Company or any of its subsidiaries.

Mr. LAI Meng San (黎鳴山), aged 37, was appointed as a Director on 1 June 2016 and then was appointed as an executive Director and the chief executive officer of the Company on 18 January 2017. Mr. Harry Lai is primarily responsible for the overall management of the Group's business development and marketing matters. Mr. Harry Lai is also a director of LSMAHL, WTMAHL, LSHKHL, Lai Si, Well Team and Lai Si (HK). He is the son of Mr. Stanley Lai, the brother of Ms. Karen Lai and the spouse of Ms. Annie Cheong.

Mr. Harry Lai has over 15 years of experience in the fitting-out and construction industry in Macau. He obtained a bachelor's degree of technology in architectural science from Ryerson Polytechnic University (currently known as Ryerson University), Canada in June 2001. Mr. Harry Lai joined the Group on 3 September 2001 and was responsible for project management. In November 2004, he founded Lai Si with Mr. Stanley Lai and Ms. Karen Lai, and he has been handling the Group's business operation since then. Mr. Harry Lai was appointed as a standing committee member of the Chinese People's Political Consultative Conference Guangdong Yangjiang Committee (中國人民政治協商會議廣東省陽江市委員會常務委員) from January 2012 to January 2017 and a committee member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣東省委員會委員) in January 2013. In addition, Mr. Harry Lai is a vice-president of the Macau Construction Association (澳門建造商會) and a deputy managing director of Associação Geral do Sector Imobiliario de Macau (澳門地產業總商會).

Mr. Harry Lai previously owned the commercial enterprise shown in the table below, which was voluntarily cancelled:

Commercial enterprise	Place of business	Date of commencement of business	Date of cancellation
Blue Sky Design Studio (藍天創作室)	Macau	26 March 2003	12 August 2016

Mr. Harry Lai confirmed that the above commercial enterprise was solvent immediately prior to its respective cancellation and there was no outstanding claim or material liabilities remain in connection with this commercial enterprise. Mr. Harry Lai also confirmed that there is no wrongful act on his part leading to the above cancellation of the commercial enterprise and he is not aware of any actual or potential claim has been or will be made against him as a result of the cancellation of the commercial enterprise.

Mr. Harry Lai did not hold any directorship in other listed companies in the past three years and does not hold any other position with the Company or any of its subsidiaries.

Ms. LAI Ieng Wai (黎盈惠), aged 36, was appointed as a Director on 1 June 2016 and then was appointed as an executive Director on 18 January 2017. Ms. Karen Lai is primarily responsible for the overall management of the Group's business operation. Ms. Karen Lai is also a director of Lai Si and Well Team. She is the daughter of Mr. Stanley Lai, the sister of Mr. Harry Lai and the sister-in-law of Ms. Annie Cheong.

Ms. Karen Lai has over 10 years of experience in the fitting-out and construction industry. She obtained a bachelor's degree of arts in economics from The University of Western Ontario, Canada in June 2001. Ms. Karen Lai joined the Group on 1 March 2004 and was responsible for materials procurement. In November 2004, she founded Lai Si with Mr. Stanley Lai and Mr. Harry Lai, and she has been handling the Group's business operation since then.

Ms. Karen Lai did not hold any directorship in other listed companies in the past three years and does not hold any other position with the Company or any of its subsidiaries.

Ms. CHEONG Weng Si (張穎思), aged 38, was appointed as a Director on 15 June 2016 and then was appointed as an executive Director on 18 January 2017. Ms. Annie Cheong is primarily responsible for the overall management of the Group's administrative matters. She is the spouse of Mr. Harry Lai, the daughter-in-law of Mr. Stanley Lai and the sister-in-law of Ms. Karen Lai.

Ms. Annie Cheong has over 5 years of experience in administration. She obtained a bachelor's degree of business administration in accounting from the University of Macau, Macau in June 2001. Ms. Annie Cheong joined the Group on 17 February 2011 and she has been handling the Group's administrative matters since then. Prior to joining the Group, Ms. Annie Chong worked as a management trainee in Seng Heng Bank Limited from October 2005 to April 2007. She then worked in the finance department of Venetian Macau Limited from April 2007 to June 2008.

Ms. Annie Cheong was previously a director of the company shown in the table below which was dissolved by way of voluntary winding-up by its shareholders:

Company	Place of incorporation	Date of incorporation	Date of dissolution
Milestone Engineering Company Limited (里程工程有限公司)	Macau	22 October 2010	21 June 2016

Ms. Annie Cheong confirmed that the above company was solvent immediately prior to its dissolution and there was no outstanding claim or material liabilities remain in connection with this company. Ms. Annie Cheong also confirmed that there is no wrongful act on her part leading to the above dissolution of the company and she is not aware of any actual or potential claim has been or will be made against her as a result of the dissolution of the company.

Ms. Annie Cheong did not hold any directorship in other listed companies in the past three years and does not hold any other position with the Company or any of its subsidiaries.

Independent non-executive Directors

Mr. CHAN Chun Sing (陳振聲), aged 37, was appointed as an independent non-executive Director on 18 January 2017 and is responsible for providing independent judgement on the Group's strategy, performance, resources and standard of conduct.

Mr. Chan has over 13 years of experience in the fields of accounting, auditing and compliance matters of listed companies in Hong Kong. He obtained a bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University, Hong Kong in 2001. In November 2015, having completed a programme in executive master of business administration, Mr. Chan obtained a master of business administration from the Chinese University of Hong Kong, Hong Kong. Mr. Chan has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since April 2006 and a member of the Hong Kong Institute of Directors since March 2013.

Mr. Chan worked for Deloitte Touche Tohmatsu from September 2001 to July 2011 and his last position held was senior manager in the audit department. Mr. Chan also served as an independent non-executive director of Northern New Energy Holdings Limited (formerly known as Noble House (China) Holdings Limited) (stock code: 8246) from December 2011 to October 2013. He joined a private company as chief financial officer from July 2013 to February 2014 and was appointed as executive director from March 2014 to April 2015 and was designated as non-executive director since May 2015. Mr. Chan has been appointed as the chief financial officer of Lap Kei Engineering (Holdings) Limited (stock code: 8369) since February 2015.

Save as disclosed above, Mr. Chan did not hold any directorship in other listed companies in the past three years and does not hold any other position with the Company or any of its subsidiaries.

Mr. CHAN Iok Chun (陳玉泉), aged 51, was appointed as an independent non-executive Director on 18 January 2017 and is responsible for providing independent judgement on the Group's strategy, performance, resources and standard of conduct.

Mr. Chan has over 14 years of experience in the retail industry of mobile phones and related accessories in Macau. He completed secondary education in Macau in 1986. During 2001 to November 2010, Mr. Chan worked for Lei Kei Trading as the chief executive officer and he was responsible for the overall business development and operation management of Lei Kei Trading. In November 2010, Mr. Chan founded Lei Kei Telecommunication Holdings Limited, which is principally engaged in retail and wholesale of telecommunication equipment in Macau. He has been the chief executive officer of Lei Kei Telecommunication Holdings Limited since its incorporation and is responsible for its overall business development and operation management.

Mr. Chan did not hold any directorship in other listed companies in the past three years and does not hold any other position with the Company or any of its subsidiaries.

Mr. MAK Heng Ip (麥興業), aged 35, was appointed as an independent non-executive Director on 18 January 2017 and is responsible for providing independent judgement on the Group's strategy, performance, resources and standard of conduct.

Mr. Mak has over 10 years of experience in the legal field in Macau. He obtained a bachelor of law in Chinese language from the University of Macau, Macau in September 2004. Mr. Mak has been a registered lawyer at the Macau Lawyers Association since July 2009. In May 2013, he founded Mak Heng Ip Law Firm and has been a partner of it since then.

Mr. Mak did not hold any directorship in other listed companies in the past three years and does not hold any other position with the Company or any of its subsidiaries.

SENIOR MANAGEMENT

The following table sets forth the information regarding the senior management team of the Group:

Name	Age	Date of joining the Group	Position	Relationship with other Director(s) and/or senior management
Mr. Wayne John HALLAS	48	12 February 2016	Executive project director	Nil
Mr. Andrew ROBINSON	49	29 July 2015	Project director	Nil
Mr. YIM Chee Hin Henry Virgo (嚴之顯)	59	16 October 2014	Commercial manager	Nil
Mr. FUNG Kar Fai (馮家輝)	48	20 January 2016	Finance manager and company secretary	Nil
Ms. SIO Chao Mui (蕭秋梅)	48	1 March 2008	Account manager	Nil

Mr. Wayne John HALLAS, aged 48, is the executive project director of the Group. He joined the Group on 12 February 2016 and he is primarily responsible for the overall management of the Group's fitting-out and construction projects.

Mr. Hallas obtained a craft certificate in carpentry and joinery from the Leeds College of Building, United Kingdom in May 1986. Prior to joining the Group, Mr. Hallas worked for Projexasia Limited as a director from July 2013 to January 2014 and Structure Tone Asia as a director of operations from August 2010 to May 2013. During August 2001 to March 2010, he worked for InProjects Group Limited and his last position held is a group director.

Mr. Hallas did not hold any directorship in any public listed company in the past three years.

Mr. Andrew ROBINSON, aged 49, is the project director of the Group. He joined the Group on 29 July 2015 and he is primarily responsible for the overall management of the Group's fitting-out and construction projects.

Prior to joining the Group, Mr. Robinson worked for EC Harris (Hong Kong) Limited from July 2014 to March 2015, his last position held was a deputy project director. During September 2002 to June 2014, he worked in the project management department of InProjects Limited and his last position held was an associate director.

Mr. Robinson did not hold any directorship in any public listed company in the past three years.

Mr. YIM Chee Hin Henry Virgo (嚴之顯), aged 59, is the commercial manager of the Group. He joined the Group on 16 October 2014 and he is primarily responsible for the quantity surveying matters of the Group's fitting-out and construction projects.

Mr. Yim obtained a higher national certificate in building studies from the Business and Technician Education Council in July 1989, a higher certificate in building studies from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1989 and a bachelor's degree of science in quantity surveying from Nottingham Trent University, the United Kingdom (a long distance learning course at Hong Kong College of Technology) in February 2013. He has been an associate member of the Chartered Institution of Civil Engineering Surveyors since September 1987 and a member of Shenzhen Cost Engineer Association since May 2007. Prior to joining the Group, Mr. Yim worked for Ming Shun Construction and Property Investment Limited (Macau) as managing quantity surveyor from October 2013 to July 2014. From August 2011 to November 2012, he worked for Hsin Chong Construction Company Limited as an assistant managing quantity surveyor. During September 2000 to February 2011, Mr. Yim worked for Barbican Construction Company, Limited and his last held position was commercial manager.

Mr. Yim did not hold any directorship in any public listed company in the past three years.

Mr. FUNG Kar Fai (馮家輝), aged 48, is the finance manager and the company secretary of the Group. He joined the Group on 20 January 2016 and he is primarily responsible for the financial reporting, financial planning, treasury, financial control matters and the company secretarial matters of the Group.

Mr. Fung obtained a bachelor's degree of administrative studies in accounting from York University in Canada in June 1994. He has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since October 1998. Prior to joining the Group, Mr. Fung worked for Xiao Nan Guo Holdings Limited, a wholly-owned subsidiary of Xiao Nan Guo Restaurants Holdings Limited (stock code: 3666) from July 2007 to July 2014 and his last position held was a finance manager.

Mr. Fung did not hold any directorship in any public listed company in the past three years.

Ms. SIO Chao Mui (蕭秋梅), aged 48, is the account manager of the Group. She joined the Group in 1 March 2008 and she is primarily responsible for the treasury and accounting matters of the Group.

Ms. Sio completed the course in accounting (high level) at Leng Kuan's Accounting Learning Centre in Macau in August 2000. She was awarded a certificate for passing book-keeping and accounts (second level) examination from the London Chamber of Commerce and Industry Examinations Board in February 1998. Prior to joining the Group, Ms. Sio worked in the finance department of Midas Macao Commercial Offshore Limited from July 2005 to February 2008 and her last position held was an accountant.

Ms. Sio did not hold any directorship in any public listed company in the past three years.

COMPANY SECRETARY

Mr. FUNG Kar Fai (馮家輝), aged 48 is the company secretary of the Company. For details of his qualification and experience, please refer to the sub-section headed "Senior management" in this section.

REMUNERATION POLICY

The executive Directors, the independent non-executive Directors and senior management receive compensation in the form of director fees, salaries, contributions to pension schemes, other allowances, other benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of the Directors and senior management, as well as the performance of the Group. The Group also reimburses the Directors and senior management for expenses which are necessarily and reasonably incurred for provision of services to the Group or executing their functions in relation to the operations of the Group's operation. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, respective responsibilities of the Directors and senior management and performance of the Group.

After Listing, the remuneration committee of the Company will review and determine the remuneration and compensation packages of the Directors with reference to their experience, responsibilities, workload, time devoted to the Group and performance of the Group. The Directors may also be offered options under the Share Option Scheme.

BOARD COMMITTEES

Audit committee

The Company established an audit committee on 18 January 2017 with its written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and supervise the Group's financial reporting process and risk management and internal control systems, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance.

The audit committee of the Company consists of three members, namely Mr. Chan Chun Sing, Mr. Chan Iok Chun and Mr. Mak Heng Ip. Mr. Chan Chun Sing currently serves as the chairman of the audit committee.

Remuneration committee

The Company established a remuneration committee on 18 January 2017 with its written terms of reference in compliance with the Listing Rules. The primary duties of the remuneration committee are to make recommendations on the remuneration of the Company's senior management and to recommend members of the Board.

The remuneration committee of the Company consists of five members, namely Mr. Stanley Lai, Mr. Harry Lai, Mr. Chan Chun Sing, Mr. Chan Iok Chun and Mr. Mak Heng Ip. Mr. Mak Heng Ip currently serves as the chairman of the remuneration committee.

Nomination committee

The Company established a nomination committee on 18 January 2017 with its written terms of reference by reference to the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management.

The nomination committee of the Company consists of five members, namely Mr. Stanley Lai, Ms. Karen Lai, Mr. Chan Chun Sing, Mr. Chan Iok Chun and Mr. Mak Heng Ip. Mr. Stanley Lai currently serves as the chairman of the nomination committee.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the aggregate remuneration, including fees, salaries, contributions to pension schemes, other allowances, other benefits in kind and/or discretionary bonuses, paid to the Directors were approximately MOP1.6 million, MOP1.5 million, MOP2.0 million and MOP2.5 million, respectively.

The aggregate remuneration including fees, salaries, contribution to pension schemes, other allowances, other benefits in kind and/or discretionary bonuses, paid to the Company's five highest paid individuals (excluding the Directors among the five highest paid individuals) for the Track Record Period were approximately MOP0.3 million, MOP1.7 million, MOP4.5 million and MOP2.0 million, respectively.

During the Track Record Period, no emoluments were paid by the Group to the Directors or the above highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director or management of any members of the Group.

Save as disclosed above, no other payments have been made or are payable in respect of each of the three years ended 31 December 2015 and the seven months ended 31 July 2016 by the Group to the Directors.

Under the arrangement presently in force, the aggregate remuneration of the Company's directors for the year ended 31 December 2016, excluding discretionary bonus, is estimated to be approximately MOP4,461,000.

Under the arrangements currently in force, the aggregate annual remuneration (excluding payment of any discretionary benefits or bonuses or other fringe benefits) payable by the Group to the Directors for the year ending 31 December 2017 is estimated to be approximately MOP4,882,000.

SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to provide the Group with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants and potential participants comprising of, among others, employees and directors of any member of the Group. Details of the terms of Share Option Scheme are set out in the section headed "D. Share Option Scheme" in Appendix VI to this prospectus.

COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, the Company has appointed Messis Capital as its compliance adviser. Pursuant to Rule 3A.23 of the Listing Rules, the Company will consult with and seek advice from the compliance adviser on a timely basis in the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(3) where the Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in the listing document or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

The term of appointment of the compliance adviser of the Company shall commence on the Listing Date and end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

So far as is known to any Director or chief executive of the Company, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), the following person, other than a Director or chief executive of the Company, will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group:

			As at the Latest Practicable Date		Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme)	
Shareholder	**Company concerned**	**Nature of interests**	**Class and number of securities held** *(Note)*	**Percentage of interests in the company concerned**	**Class and number of securities held** *(Note)*	**Percentage of interests in the company concerned**
SHKMCL	The Company	Beneficial interests	50,000 ordinary Shares *(L)*	100	300,000,000 ordinary Shares *(L)*	75

Note: The letter "L" denotes the Shareholder's long position in the Shares.

The Substantial Shareholders, being persons who are entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company, include (a) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (b) SHKMCL. SHKMCL is held as to 50% by Mr. Stanley Lai, 30% by Mr. Harry Lai and 20% by Ms. Karen Lai. Mr. Stanley Lai is the father of Mr. Harry Lai and Ms. Karen Lai.

SHARE CAPITAL

The authorised share capital of the Company is as follows:

Authorised share capital

		HK$
1,000,000,000	Shares	10,000,000

The issued share capital of the Company immediately following completion of the Share Offer and the Capitalisation Issue will be as follows:

Shares in issue or to be issued, fully paid or credited as fully paid

		HK$
50,000	Shares in issue as at the Latest Practicable Date	500
299,950,000	Shares to be allotted and issued pursuant to the Capitalisation Issue	2,999,500
100,000,000	Shares to be allotted and issued pursuant to the Share Offer	1,000,000
400,000,000		4,000,000

MINIMUM PUBLIC FLOAT

At least 25% of the total number of issued Shares must at all times be held by the public. The 100,000,000 Offer Shares represent 25% of the issued share capital of the Company upon the Listing.

RANKING

The Offer Shares will rank equally with all Shares in issue or to be issued and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus save for the entitlements under the Capitalisation Issue.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, the Directors have been granted a general unconditional mandate to allot and issue and deal with the unissued Shares with an aggregate nominal value of not more than:

(a) 20% of the number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme); and

(b) the number of Shares repurchased by the Company (if any) pursuant to the general mandate to repurchase Shares as described below.

The Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrant of the Company, scrip dividends or similar arrangements providing for the allotment of Shares in lieu of the whole or in part of any cash dividend or option to be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted or such other issue and allotment of Shares or securities of the Company as permitted under the Listing Rules.

For further details of this general mandate, please refer to the section headed "A. Further information about the Group – 4. Written resolutions of the sole Shareholder" in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "A. Further information about the Group – 6. Repurchase of the Company's own securities" in Appendix VI to this prospectus.

The general mandate to issue Shares and repurchase Shares will respectively expire:

(a) at the conclusion of the next annual general meeting of the Company;

(b) at the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Articles to be held; or

(c) when varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

For further details of these general mandates, please refer to the sections headed "A. Further information about the Group – 4. Written resolutions of the sole Shareholder" and "A. Further information about the Group – 6. Repurchase of the Company's own securities" in Appendix VI to this prospectus.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme. A summary of its principal terms is set out in the section headed "D. Share Option Scheme" in Appendix VI to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of 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, the Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed "2. Articles of Association" in Appendix V to this prospectus.

You should read this section in conjunction with the Group's audited consolidated financial statements, including the notes thereto, as set forth in the accountants' report in Appendix I to this prospectus. The accountants' report has been prepared in accordance with the HKFRSs. You should read the entire accountants' report and not merely rely on the information contained in this section.

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

OVERVIEW

The Group provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance works, mainly in Macau. During the Track Record Period, the Group's revenue was mainly derived from provision of (i) fitting-out works; (ii) construction works; and (iii) repair and maintenance works. The Group's revenue was approximately MOP59.3 million, MOP117.8 million, MOP220.7 million and MOP129.5 million for the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, respectively.

During the Track Record Period, all of the Group's revenue was derived from Macau and the Group undertook projects from both private and public sectors. Public sector projects refer to projects of which the main contractor is employed by the Macau Government or other government agency or statutory body in Macau, while private sector projects refer to projects that are not within the public sector in Macau. The Group's customers primarily include (i) hotel and casino developers and owners, international retailers and restaurant owners for fitting-out works; (ii) land owners and the Macau Government for construction works; and (iii) operators of hotel and casino, retail shop and restaurant for repair and maintenance works.

For the two years ended 31 December 2013 and 2014, the Group's revenue increased by approximately 98.4% from approximately MOP59.3 million to approximately MOP117.8 million. The Group's revenue further increased by approximately 87.4% from approximately MOP117.8 million for the year ended 31 December 2014 to approximately MOP220.7 million for the year ended 31 December 2015. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the Group's revenue generated from fitting-out projects accounted for approximately 83.7%, 90.6%, 98.3% and 98.5%, of its total revenue respectively and the remaining was generated from construction projects undertaken and repair and maintenance services provided by the Group.

For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the Group's revenue attributable to its largest customer amounted to approximately 37.5%, 39.7%, 42.5% and 26.7%, respectively, while the Group's total revenue attributable to its five largest customers amounted to approximately 65.8%, 87.1%, 79.2% and 89.3% respectively.

The Group's revenue mainly represents income derived from undertaking project works. Costs of the Group's services mainly include subcontracting fees, cost of materials and staff costs in respect of its on-site project management and supervision personnel as well as direct labour for carrying out site works. The Group recorded gross profit of approximately MOP24.1 million, MOP58.0 million, MOP60.2 million and MOP35.4 million for the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, respectively, and the gross profit margin was approximately 40.7%, 49.3%, 27.3% and 27.3%, respectively for the corresponding years/period. The Group recorded profit for the year of approximately MOP14.9 million, MOP43.3 million, MOP41.4 million and MOP12.6 million for the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, respectively. The Directors believe that the Group achieved growth in revenue and profit mainly by expansion of scope of services, expanded customer base and increased revenue from customers as the Group maintained quality of services and competitive edge in the industry. Please refer to the section headed "Financial information – Period to period comparison of results of operations" in this prospectus for details.

BASIS OF PRESENTATION

SHKMCL is the ultimate holding company of the Company after the Reorganisation and not forming part of the Group. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information has been prepared as if the Company had always been the holding company of the Group.

In applying Accounting Guideline 5 "Merger Accounting for Common Control Combinations", the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the Track Record Period or since the respective dates of incorporation, which is a shorter period. The combined statements of financial position of the Group as at 31 December 2013, 2014 and 2015 and 31 July 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates, taken into account the respective dates of incorporation.

KEY FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATION AND FINANCIAL CONDITION

The Group's financial conditions and results of operations 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.

Demand for fitting-out and construction services in Macau

The Group's results of operations are mainly affected by the number and availability of fitting-out and construction projects in Macau, which in turn are affected by various factors, including but not limited to, the general economic conditions in Macau, changes in the conditions relating to the Macau fitting-out and construction industry, and the amount of investment in the construction of new commercial and office buildings and improvement of existing commercial and office buildings. The changes may increase or decrease the demand for the fitting-out and construction services of the Group.

There is no assurance that the number of fitting-out and construction projects will not decrease in the future. In the event that the demand of fitting-out and construction services decreases as a result of the reduction in the number of fitting-out and construction project in Macau, the Group's businesses in general and the results of operations may be adversely and materially affected.

Pricing of projects

A majority of the Group's revenue during the Track Record Period were derived from fitting-out projects, which are generally obtained by means of tender. The tender price of fitting-out projects is based on estimated project costs plus a mark-up margin. From time to time, the Group may adjust mark-up margin to maintain competitive in the tender which in turn will affect the profitability of the Group.

Accuracy in the Directors' estimation of time and costs involved in projects before submitting tenders

The fitting-out and construction projects undertaken by the Group are generally awarded by the customers after they accept the quotations or tender from the Group. The Group's pricing on its projects is determined on a project-by-project basis depending on several factors, including but not limited to, (i) the nature, scope and complexity of the project; (ii) the estimated number and types of workers required; (iii) the estimated cost of materials required; (iv) the completion time requested by customers; (v) any further subcontracting needed; (vi) the prevailing market conditions; (vii) previous tender record; (viii) awarded tender of similar project; (ix) the relationship and familiarity with the customers; and (x) the potential price competitiveness of other tenders. In addition, the estimate of the time and costs involved in a fitting-out or construction project in determining the fee is based on the Directors' experience and factors that they believe to be relevant and reasonable and there is no assurance that the actual amount of time and costs would not exceed their estimation. The actual amount of time and costs incurred in completing a project may be adversely affected by many factors, including adverse weather conditions, accidents, unforeseen site conditions, departure of key project management and supervision personnel involved, non-performance by the Group's subcontractors, and other unforeseen problems and circumstances. Any material inaccurate estimation in time and costs involved in a project may give rise to delays in completion of works and/or cost overruns, which in turn may materially and adversely affect the Group's financial condition, profitability and liquidity.

The Group's success rate on project tendering

Projects undertaken by the Group, including those from the public and private sectors, are normally awarded to the Group through competitive tendering processes. For each of the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group's success rate on fitting-out project tendering was approximately 43.0%, 35.1%, 43.4% and 43.6%, respectively, while the success rate of its construction projects tendering was approximately 13.5%, 10.0%, 28.6% and 45.5%, respectively. There are a number of factors in determining the success rate on project tendering, including but not limited to the number of invitations to tender in each year and the tenders submitted by the Group's competitors in each project. The Group's business and financial positions and prospects depend significantly on its overall tender success rate.

Supply and cost of labour

The fitting-out and construction projects depend on the use of labour. The Group's total direct labour costs (including fitting-out projects, construction works and repair and maintenance services) accounted for approximately 24.9%, 27.2%, 28.3% and 28.2% of the total cost of sales for each of the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, respectively. The supply and cost of labour in Macau are affected by the availability of labour in the market as well as economic factors in Macau including the inflation rate and standard of living. There is no assurance that the supply of labour and average labour costs will be stable and that the Group will be able to identify and recruit staff members in replacement in a timely manner, which could have an adverse effect on the Group's operation. In view of the potential increase in labour cost, if the Group is not able to apply effective strategy to control labour cost, the Group's competitiveness and profitability could be adversely affected.

Collectability and timing of collection of the Group's trade receivables and retention receivables

The Group receives monthly progress payment or stage payment with reference to the value of the works completed. Generally, the value of the works completed is assessed by the customer who will verify the Group's progress claims, and request the Group to issue an invoice for the amount of works completed. For further details of progress claims, please refer to the section headed "Business – Customers – Credit policy" in this prospectus. In addition, the Group's customers normally retain 5% to 10% of the total contract sum as retention money, which will only be fully released to the Group subsequent to the expiry of the defects liability period, which range from 2 to 12 months for its fitting-out projects and 6 to 24 months for its construction projects. There can be no assurance that such retention money will be released to the Group on a timely basis.

As at 31 July 2016, the trade receivables and retention receivables are approximately MOP26.0 million and MOP19.5 million, respectively. Any failure by the customers to make payments to the Group on time and in full may have an adverse impact on the liquidity and financial position of the Group.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Group's financial information has been prepared in accordance with accounting policies which conform with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants. Below is a summary of certain significant accounting policies and estimates that the Directors believe are important to the preparation of the Group's financial results and positions. The Group also has other accounting policies and estimates that the Directors consider to be significant, the details of which are set forth in Notes 4 and 5 of section A to the accountants' report set out in Appendix I to this prospectus.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts given to customers. Provided it is probably that the economic benefits will flow to the Group and that the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(i) Contract revenue

Revenue from fixed price supply and installation contracts including fitting-out works, alteration and addition and construction works is recognised on the percentage of completion method, measured by reference to the value of work performed during the year. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Where the outcome of a supply and installation contract including fitting-out works, alteration and addition and construction works can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion which is in accordance to HKAS 11. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

According to HKAS 11, the stage of completion of a construction contract may be determined in a variety of ways and the entity uses the method that measures reliably the work performed and one of such methods, which has been adopted by the Group, is the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. The Group adopts this method because, for some of the fitting-out projects undertaken by the Group, in particular those in the category of retail shop and restaurant, no progress certificates would be issued by the customers or independent surveyors and the customers will make progress payments to the Group after receiving the Group's invoices. The progress payments do not reflect the actual progress of work and the payments are made in accordance with the payment schedule as specified in the contract. As such, it is impracticable to assess the actual progress of work at each of the reporting period end based on the progress payments received or invoices issued for such cases. Therefore, the Group has used cost basis to calculate the percentage of completion. In order to apply the basis consistently, the Group has used the same basis i.e. cost basis to calculate contract revenue of all fitting-out works and construction works.

Where the outcome of a supply and installation contract including fitting-out works, alteration and addition and construction works cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the combined statements of financial position, as a liability, as other payables. Amounts billed for work performed but not yet paid by the customers are included in the combined statements of financial position under trade and other receivables.

(ii) Repair and maintenance service income and consultancy fee income

Revenue generated from the provision of repair and maintenance services and consultancy services by the Group is recognised when services are provided.

(iii) Interest income

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

Estimation uncertainty on supply and installation contracts including fitting-out, alteration and addition works and construction works

The Group's contract profit or loss arising from supply and installation contracts is estimated by reference to the latest available budgets of individual supply and installation contracts prepared by the management of the Group. The estimation of budget contract costs is based on management's best estimates and judgements. Contract costs include costs for interior decorative materials, labour costs and subcontracting fees. If the price of interior decorative materials or the wages of labour or the subcontracting fees varied significantly in the coming months from the budgets, the contract profit for each of the individual projects will differ significantly from the estimated contract profit. If estimated costs exceed contract revenue, a contract loss will be recognised.

Estimated impairment of trade and retention receivables

The provision policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

As at 31 December 2013, 2014, 2015 and 31 July 2016, the carrying amounts of trade and retention receivables are approximately MOP15.4 million, MOP7.5 million, MOP39.6 million and MOP45.6 million, respectively.

For further information regarding critical accounting policies and estimates, please refer to Notes 4 and 5 of section A to the accountants' report set out in Appendix I to this prospectus.

EFFECT OF THE NEW AND AMENDMENTS TO HKFRSs TO THE GROUP

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15, which will be effective for annual periods beginning on or after 1 January 2018 with earlier application permitted, establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective. The Directors do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the financial statements of the Group in future. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

Leasing

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases, which is mandatorily effective for annual periods beginning on or after 1 January 2019. Total operating lease commitments of the Group in respect of staff quarters, carparks and warehouses at 31 December 2013, 2014 and 2015 and 31 July 2016 amounted to MOP164,000, MOP532,000, MOP513,000 and MOP64,000, respectively. The Directors do not expect the adoption of HKFRS16 as compared with the current accounting policy would result in a significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the combined statements of financial position as right-of-use assets and lease liabilities. The Directors anticipate that the application of other new and amendments to HKFRSs will have no material impact on the financial information of the Group.

SUMMARY OF RESULTS OF OPERATIONS

The Group's combined statements of profit or loss and other comprehensive income during the Track Record Period are summarised below, which have been extracted from the accountants' report set out in Appendix I to this prospectus. As such, the following sections should be read in conjunction with the accountants' report set out in Appendix I to this prospectus.

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Revenue	59,340	117,753	220,711	116,667	129,526
Cost of sales	(35,193)	(59,718)	(160,479)	(86,053)	(94,163)
Gross profit	24,147	58,035	60,232	30,614	35,363
Other income, gains and losses	(452)	2,358	3,036	1,489	(165)
Administrative expenses	(6,124)	(9,992)	(14,326)	(8,952)	(11,911)
Listing expenses	–	–	–	–	(7,073)
Finance costs	(327)	(730)	(1,785)	(930)	(1,116)
Profit before taxation	17,244	49,671	47,157	22,221	15,098
Income tax expense	(2,362)	(6,346)	(5,792)	(2,715)	(2,505)
Profit and total comprehensive income for the year/period attributable to owners of the Company	14,882	43,325	41,365	19,506	12,593

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

The Group provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance works, mainly in Macau. The following table sets forth a breakdown of the Group's revenue during the Track Record Period by business segments:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	*%*	*MOP'000*	*%*	*MOP'000*	*%*	*MOP'000* (unaudited)	*%*	*MOP'000*	*%*
Fitting-out works	49,659	83.7	106,722	90.6	216,922	98.3	114,271	97.9	127,573	98.5
Construction works	7,086	11.9	7,377	6.3	1,281	0.6	1,009	0.9	760	0.6
Repair and maintenance works	2,595	4.4	3,654	3.1	2,508	1.1	1,387	1.2	1,193	0.9
Total	59,340	100.0	117,753	100.0	220,711	100.0	116,667	100.0	129,526	100.0

Fitting-out works

Fitting-out projects undertaken by the Group during the Track Record Period can be broadly divided into three categories by type of customers, namely (i) hotel and casino; (ii) retail shop and restaurant; and (iii) others, such as the Macau Government and maintenance centre for watches. The following table sets forth a breakdown of the Group's revenue attributable to the fitting-out works during the Track Record Period by categories:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	*%*	*MOP'000*	*%*	*MOP'000*	*%*	*MOP'000* (unaudited)	*%*	*MOP'000*	*%*
Hotel and casino	21,910	44.1	72,643	68.1	138,154	63.7	74,271	65.0	74,327	58.3
Retail shop and restaurant	26,904	54.2	34,079	31.9	78,104	36.0	39,345	34.4	53,246	41.7
Others	845	1.7	–	–	664	0.3	655	0.6	–	–
Total	49,659	100.0	106,722	100.0	216,922	100.0	114,271	100.0	127,573	100.0

During the Track Record Period, the Group undertook most of the fitting-out projects as a main contractor. However, the Group also undertook 6 fitting-out projects in the capacity as a subcontractor. The following table sets forth a breakdown of the Group's revenue (excluding revenue derived from repair and maintenance works) during the Track Record Period undertaken as a main contractor and subcontractor:

	Year ended 31 December						Seven months ended 31 July			
	2013		**2014**		**2015**		**2015**		**2016**	
	MOP'000	*%*	*MOP'000*	*%*	*MOP'000*	*%*	*MOP'000*	*%*	*MOP'000*	*%*
							(unaudited)			
Main contractor	56,745	100.0	114,099	100.0	213,085	97.7	113,250	98.2	112,889	88.0
Subcontractor	–	–	–	–	5,118	2.3	2,030	1.8	15,444	12.0
Total	56,745	100.0	114,099	100.0	218,203	100.0	115,280	100.0	128,333	100.0

Fitting-out projects awarded to the Group during the Track Record Period

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group had been awarded 34, 26, 23 and 17 fitting-out projects, respectively. The following table sets forth a breakdown of the fitting-out projects awarded to the Group during the Track Record Period by categories:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects awarded	*Number of projects awarded*	*Number of projects awarded*	*Number of projects awarded*
Hotel and casino	9	14	5	1
Retail shop and restaurant	25	12	16	16
Others	–	–	2	–
Total	34	26	23	17

Fitting-out projects completed by the Group during the Track Record Period

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group had completed 28, 25, 24 and 11 fitting-out projects, respectively. The following table sets forth a breakdown of the fitting-out projects completed by the Group during the Track Record Period by categories:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects completed	*Number of projects completed*	*Number of projects completed*	*Number of projects completed*
Hotel and casino	6	12	5	3
Retail shop and restaurant	21	13	17	8
Others	1	–	2	–
Total	28	25	24	11

Construction works

Construction projects undertaken by the Group during the Track Record Period can be broadly divided into two categories, namely (i) general construction; and (ii) heritage conservation. The following table sets forth a breakdown of the Group's revenue attributable to the construction works during the Track Record Period by categories:

	Year ended 31 December						Seven months ended 31 July			
	2013		**2014**		**2015**		**2015**		**2016**	
	MOP'000	*%*	*MOP'000*	*%*	*MOP'000*	*%*	*MOP'000* (unaudited)	*%*	*MOP'000*	*%*
General construction	6,090	85.9	5,794	78.5	1,227	95.8	955	94.6	760	100.0
Heritage conservation	996	14.1	1,583	21.5	54	4.2	54	5.4	–	–
Total	7,086	100.0	7,377	100.0	1,281	100.0	1,009	100.0	760	100.0

Construction projects awarded to the Group during the Track Record Period

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group had been awarded 5, 3, 2 and 5 construction projects, respectively. The following table sets forth a breakdown of the construction projects awarded to the Group during the Track Record Period by categories:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects awarded	*Number of projects awarded*	*Number of projects awarded*	*Number of projects awarded*
General construction	5	2	2	4
Heritage conservation	–	1	–	1
Total	5	3	2	5

Construction projects completed by the Group during the Track Record Period

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group had completed 6, 4, 4 and 1 construction project(s), respectively. The following table sets forth a breakdown of the construction projects completed by the Group during the Track Record Period by categories:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
	Number of projects completed	*Number of projects completed*	*Number of projects completed*	*Number of projects completed*
General construction	6	3	4	1
Heritage conservation	–	1	–	–
Total	6	4	4	1

During the Track Record Period, all of the Group's revenue was derived in Macau and the Group undertook projects from both private and public sectors. Public sector projects refer to projects of which the main contractor is employed by the Macau Government or other government agency or statutory body in Macau, while private sector projects refer to projects that are not within the public sector in Macau. The following table sets forth a breakdown of the Group's revenue during the Track Record Period attributable to private and public sectors:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	%	*MOP'000*	%	*MOP'000*	%	*MOP'000* (unaudited)	%	*MOP'000*	%
Private sector	56,374	95.0	116,062	98.6	220,183	99.8	116,238	99.7	128,838	99.5
Public sector	2,966	5.0	1,691	1.4	528	0.2	429	0.3	688	0.5
Total	59,340	100.0	117,753	100.0	220,711	100.0	116,667	100.0	129,526	100.0

Cost of sales

The Group's cost of sales during the Track Record Period primarily consisted of (i) subcontracting fees; (ii) material costs; and (iii) direct labour costs. The following table sets forth a breakdown of the Group's cost of sales during the Track Record Period:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	%	*MOP'000*	%	*MOP'000*	%	*MOP'000* (unaudited)	%	*MOP'000*	%
Subcontracting fees	14,511	41.2	29,818	49.9	51,259	31.9	29,184	33.9	39,179	41.6
Material costs	11,922	33.9	13,682	22.9	63,930	39.8	34,120	39.6	28,408	30.2
Direct labour costs	8,760	24.9	16,218	27.2	45,290	28.3	22,749	26.5	26,576	28.2
Total	35,193	100.0	59,718	100.0	160,479	100.0	86,053	100.0	94,163	100.0

(i) Subcontracting fees

Subcontracting fees represent the fees paid and payable to subcontractors who carry out fitting-out works or construction works for the Group's projects. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the Group's subcontracting fees amounted to approximately MOP14.5 million, MOP29.8 million, MOP51.3 million and MOP39.2 million, respectively, representing approximately 41.2%, 49.9%, 31.9% and 41.6% of the Group's total cost of sales for the corresponding period, respectively.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the Group's subcontracting fees on its profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% and 10% with reference to the fluctuation in the average wage of workers in the fitting-out industry as shown in the Frost & Sullivan Report, which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in subcontracting fees	**+5%**	**+10%**	**–5%**	**–10%**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Change in profit before tax				
For the year ended 31 December 2013	(726)	(1,451)	726	1,451
For the year ended 31 December 2014	(1,491)	(2,982)	1,491	2,982
For the year ended 31 December 2015	(2,563)	(5,126)	2,563	5,126
For the seven months ended 31 July 2016	(1,959)	(3,918)	1,959	3,918
Change in profit after tax *(Note)*				
For the year ended 31 December 2013	(639)	(1,277)	639	1,277
For the year ended 31 December 2014	(1,312)	(2,624)	1,312	2,624
For the year ended 31 December 2015	(2,255)	(4,511)	2,255	4,511
For the seven months ended 31 July 2016	(1,724)	(3,448)	1,724	3,448

Note: The Macau Complementary Tax rate of 12.0% is applied for the illustration of increase or decrease in profit for the year/period.

(ii) Material costs

Material costs mainly represent costs of building and decorative materials installed/utilised in the Group's projects. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the Group's material costs amounted to approximately MOP11.9 million, MOP13.7 million, MOP63.9 million and MOP28.4 million, respectively, representing approximately 33.9%, 22.9%, 39.8% and 30.2% of the Group's total cost of sales for the corresponding period, respectively.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the Group's material costs on its profits during the Track Record Period. The hypothetical fluctuation rates are set at 3% and 5% with reference to annual rates of change in the Consumer Price Index in Hong Kong during the Track Record Period as published by Census and Statistics Department Hong Kong Special Administrative Region in February 2016, which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in material costs	**+3%**	**+5%**	**–3%**	**–5%**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Change in profit before tax				
For the year ended 31 December 2013	(358)	(596)	358	596
For the year ended 31 December 2014	(410)	(684)	410	684
For the year ended 31 December 2015	(1,918)	(3,197)	1,918	3,197
For the seven months ended 31 July 2016	(852)	(1,420)	852	1,420

Hypothetical fluctuations in material costs	**+3%**	**+5%**	**–3%**	**–5%**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Change in profit after tax *(Note)*				
For the year ended 31 December 2013	(315)	(524)	315	524
For the year ended 31 December 2014	(361)	(602)	361	602
For the year ended 31 December 2015	(1,688)	(2,813)	1,688	2,813
For the seven months ended 31 July 2016	(750)	(1,250)	750	1,250

Note: The Macau Complementary Tax rate of 12.0% is applied for the illustration of increase or decrease in profit for the year/period.

(iii) Direct labour costs

Direct labour costs represent the compensation and benefits provided to the staff of the Group's project team. For each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, the Group's total direct labour costs (including fitting-out projects, construction works and repair and maintenance services) amounted to approximately MOP8.8 million, MOP16.2 million, MOP45.3 million and MOP26.6 million, respectively, representing approximately 24.9%, 27.2%, 28.3% and 28.2% of the Group's total cost of sales for the corresponding period, respectively.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the Group's direct labour costs on its profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% and 10% with reference to the fluctuation in the average wage of workers in the fitting-out industry as shown in the Frost & Sullivan Report, which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in direct labour costs	**+5%**	**+10%**	**-5%**	**-10%**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Change in profit before tax				
For the year ended 31 December 2013	(438)	(876)	438	876
For the year ended 31 December 2014	(811)	(1,622)	811	1,622
For the year ended 31 December 2015	(2,265)	(4,529)	2,265	4,529
For the seven months ended 31 July 2016	(1,329)	(2,658)	1,329	2,658
Change in profit after tax *(Note)*				
For the year ended 31 December 2013	(385)	(771)	385	771
For the year ended 31 December 2014	(714)	(1,427)	714	1,427
For the year ended 31 December 2015	(1,993)	(3,986)	1,993	3,986
For the seven months ended 31 July 2016	(1,169)	(2,339)	1,169	2,339

Note: The Macau Complementary Tax rate of 12.0% is applied for the illustration of increase or decrease in profit for the year/period.

Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross profit margin during the Track Record Period by business segments:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	Gross profit MOP'000	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000* (unaudited)	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*
Fitting-out works	21,931	44.2	54,616	51.2	58,375	26.9	29,502	25.8	34,562	27.1
Construction works	892	12.6	459	6.2	74	5.8	81	8.0	51	6.7
Repair and maintenance works	1,324	51.0	2,960	81.0	1,783	71.1	1,031	74.3	750	62.9
Total/overall	24,147	40.7	58,035	49.3	60,232	27.3	30,614	26.2	35,363	27.3

The Directors are of the view that due to different job natures and cost components, the gross profit margin of different business segments varies significantly. In general, gross profit margin of repair and maintenance is generally higher as compared to that of fitting-out works and construction works. This is mainly due to (i) the majority of the repair and maintenance projects were on ad-hoc basis as required and demanded by the customers; (ii) the Group can charge higher price for such repair and maintenance projects that required completion within a short timeframe which generally takes 1 day to 3 days and (iii) the Group mainly relies on its in-house workers to carry out the works. Gross profit margin of construction works segment is relatively lower mainly due to the intense competition in the tendering process and the Group offers competitive pricing to maintain its market presence.

In respect of the Group's fitting-out works business segment, the following table sets forth a breakdown of the gross profit and gross profit margin during the Track Record Period by categories:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	Gross profit MOP'000	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000* (unaudited)	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*
Hotel and casino	9,968	45.5	36,008	49.6	30,289	21.9	16,337	22.0	17,588	23.7
Retail shop and restaurant	11,905	44.2	18,608	54.6	27,955	35.8	13,030	33.1	16,974	31.9
Others	58	6.9	–	–	131	19.7	135	20.6	–	–
Total/overall	21,931	44.2	54,616	51.2	58,375	26.9	29,502	25.8	34,562	27.1

The following table sets forth a breakdown of the Group's gross profit and gross profit margin during the Track Record Period by private and public sectors:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	Gross profit MOP'000	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000* (unaudited)	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*
Private sector	23,996	42.6	57,915	49.9	60,178	27.3	30,572	26.3	35,275	27.4
Public sector	151	5.1	120	7.1	54	10.2	42	9.8	88	12.8
Total/overall	24,147	40.7	58,035	49.3	60,232	27.3	30,614	26.2	35,363	27.3

The following table sets forth a breakdown of the Group's gross profit and gross profit margin (excluding gross profit and gross profit margin derived from repair and maintenance works) during the Track Record Period as a main contractor and subcontractor:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	Gross profit MOP'000	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*	*Gross profit MOP'000* (unaudited)	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*
Main contractor	22,823	40.2	55,075	48.3	55,941	26.2	28,443	25.1	30,827	27.3
Subcontractor	–	–	–	–	2,508	49.0	1,140	56.2	3,786	24.5
Total	22,823	40.2	55,075	48.3	58,449	26.8	29,583	25.7	34,613	27.0

Other income, gains and losses

The following table sets forth a breakdown of the Group's other income, gains and losses during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July	
	2013	2014	2015	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Provision for trade receivables	(1,421)	(206)	–	–	(967)
Net exchange gain (loss)	236	73	1	(243)	52
Consultancy fee income	–	100	13	–	–
Bank interest income	–	5	–	–	–
Imputed interest income	694	2,265	2,981	1,732	743
Loss on dissolution of an associate company	–	–	–	–	(40)
Others	39	121	41	–	47
Total	(452)	2,358	3,036	1,489	(165)

Administrative expenses

The following table sets forth a breakdown of the Group's administrative expenses during the Track Record Period:

	Year ended 31 December						Seven months ended 31 July			
	2013		2014		2015		2015		2016	
	MOP'000	%	*MOP'000*	%	*MOP'000*	%	*MOP'000* (unaudited)	%	*MOP'000*	%
Staff salaries	3,214	52.5	3,734	37.4	6,119	42.7	4,152	46.4	7,458	62.6
Staff training and welfare	537	8.8	781	7.8	1,279	8.9	638	7.1	521	4.4
Rent and rates	192	3.1	297	3.0	385	2.7	172	1.9	186	1.6
Depreciation expenses	222	3.6	274	2.7	464	3.3	266	3.0	277	2.3
Entertainment expenses	381	6.2	818	8.2	1,076	7.5	432	4.8	328	2.8
Travelling expenses	241	3.9	242	2.4	489	3.4	132	1.5	198	1.7
Recruiting expenses	1	0.1	591	5.9	401	2.8	492	5.5	28	0.2
Agency fee *(Note 1)*	85	1.4	541	5.4	547	3.8	440	4.9	621	5.2
Others *(Note 2)*	1,251	20.4	2,714	27.2	3,566	24.9	2,228	24.9	2,294	19.2
Total	6,124	100.0	9,992	100.0	14,326	100.0	8,952	100.0	11,911	100.0

Notes:

1. Being the agency fee charged by the human resource agent which help the Group to hire non-resident workers.

2. Other administrative expenses include motor vehicle expenses, telephone and communications expenses, printing and stationery expenses, legal and professional expenses, contribution to retirement scheme etc.

Listing expenses

The following table sets forth a breakdown of the Group's listing expenses during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Listing expenses	–	–	–	–	7,073

Finance costs

The following table sets forth a breakdown of the Group's finance costs during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Interest on bank borrowings	274	690	1,785	930	1,116
Others	53	40	–	–	–
	327	730	1,785	930	1,116

Income tax expense

The following table sets forth a breakdown of the Group's income tax expense during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
The income tax expense comprises:					
Macau Complementary Tax – current year	2,362	6,346	5,792	2,715	2,505

During the Track Record Period, all of the Group's revenue was derived from Macau and therefore the Group is subject to the Macau Complementary Tax. Macau Complementary Tax is calculated at 12.0% of the estimated assessable profits exceeding MOP300,000, MOP600,000 and MOP600,000 for the years ended 31 December 2013, 2014 and 2015, respectively for the Track Record Period. The Group had no assessable profits arising in Hong Kong during the year ended 31 December 2015 and the seven months ended 31 July 2016.

The Group's income tax expense for the year/period can be reconciled to the profit before taxation in the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Profit before taxation	17,244	49,671	47,157	22,221	15,098
Tax at the tax rate of 12%	2,069	5,961	5,659	2,667	1,812
Tax effect of expenses not deductible for tax purpose	221	660	536	284	726
Tax effect of income not taxable for tax purpose	(83)	(272)	(358)	(208)	(89)
Tax effect of tax losses not recognised	–	–	–	–	137
Effect of different tax of 16.5% rate of a subsidiary operating in other jurisdiction	–	–	–	–	(38)
Tax effect of tax exemption under Macau Complimentary Income Tax	(36)	(72)	(72)	(47)	(47)
Others	191	69	27	19	4
Income tax expense for the year/period	2,362	6,346	5,792	2,715	2,505

As at 31 July 2016, the Group had unused tax loss of approximately MOP834,000 available to offset against future profits. No deferred tax asset had been recognised in respect of the unused tax loss due to the unpredictability of future profit streams. The tax losses as at 31 July 2016 might be carried forward indefinitely.

For the years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016, the Group recorded income tax expenses of approximately MOP2.4 million, MOP6.3 million, MOP5.8 million and MOP2.5 million, respectively. The following table sets forth the Group's effective tax rate during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
				(unaudited)	
Profit before taxation	17,244	49,671	47,157	22,221	15,098
Income tax expense	2,362	6,346	5,792	2,715	2,505
Effective tax rate	13.7%	12.8%	12.3%	12.2%	16.6%

The effective tax rates of the Group during the Track Record Period were generally in line with the Macau Complementary Tax rate since the Group's operations during the Track Record Period were solely located in Macau.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2014 compared with the year ended 31 December 2013

Revenue

The Group's revenue increased by approximately MOP58.4 million or 98.4% from approximately MOP59.3 million for the year ended 31 December 2013 to approximately MOP117.8 million for the year ended 31 December 2014. Such increase was mainly attributable to the significant increase of approximately MOP57.1 million or 114.9% in the revenue derived from fitting-out works, and the increase of approximately MOP0.3 million or 4.1% and approximately MOP1.1 million or 40.8% in the revenue derived from construction works and repair and maintenance works, respectively.

In respect of the fitting-out works segment, the following table sets forth a breakdown of the Group's fitting-out projects based on their scales of respective revenue recognised during the years ended 31 December 2013 and 2014:

	Year ended 31 December			
	2013		2014	
	MOP'000	*Number of projects*	*MOP'000*	*Number of projects*
Revenue recognised from individual fitting-out project				
MOP10,000,000 or above	11,908	1	49,063	4
MOP5,000,000 to below MOP10,000,000	–	–	19,117	3
MOP1,000,000 to below MOP5,000,000	31,342	12	35,441	14
Below MOP1,000,000	6,409	18	3,101	13
Total	49,659	31	106,722	34

During the year ended 31 December 2014, the Group recorded significant increase in revenue derived from fitting-out works, in particular, revenue attributable to the fitting-out works for hotel and casino increased by approximately MOP50.7 million or 231.6% from approximately MOP21.9 million for the year ended 31 December 2013 to approximately MOP72.6 million for the year ended 31 December 2014. Such increase was mainly driven by more sizeable fitting-out projects carried out during the year, i.e there were four fitting-out projects individually brought revenue of over MOP10,000,000 to the Group during the year ended 31 December 2014, whereas there was only one fitting-out project that contributed revenue of over MOP10,000,000 for the prior year.

For the years ended 31 December 2013 and 2014, the Group had been awarded 34 and 26 fitting-out projects with tender success rate of approximately 43.0% and 35.1%, respectively. Despite the decrease in total number of fitting-out projects awarded and tender success rate, the aggregate awarded contract sum for the new fitting-out projects awarded to the Group remarkably increased from approximately MOP45.4 million for the year ended 31 December 2013 to approximately MOP303.2 million for the year ended 31 December 2014, representing an increase of approximately 567.8%. Among the fitting-out projects awarded to the Group during the year ended 31 December 2014, the Podium Project has an awarded contract sum of approximately MOP168.1 million and has been completed in August 2016. It was the Directors' commercial decision to focus on fitting-out projects for hotel and casino with larger contract sum. The Directors consider that the successful tendering on these more sizable fitting-out projects was mainly attributable to the Group's proven track record with its customers and the gradually increasing brand awareness in the fitting-out industry in Macau.

Revenue derived from private sectors increased from approximately MOP56.4 million for the year ended 31 December 2013 to MOP116.1 million for the year ended 31 December 2014, representing an increase of approximately MOP59.7 million or 105.9%. It was mainly due to the increase of revenue from fitting-out works for hotel and casino which increased by approximately MOP50.7 million. Meanwhile, revenue derived from public sectors decreased from approximately MOP3.0 million for the year ended 31 December 2013 to MOP1.7 million for the year ended 31 December 2014, representing a decrease of approximately MOP1.3 million or 43.0%, mainly due to less contracts were awarded by Macau Government.

Cost of sales

The Group's cost of sales increased by approximately MOP24.5 million or 69.7% from approximately MOP35.2 million for the year ended 31 December 2013 to approximately MOP59.7 million for the year ended 31 December 2014. Such increase was driven by the increase of revenue during the corresponding period. The Group's cost of sales for the year ended 31 December 2013 mainly comprised approximately 41.2% of subcontracting fees, 33.9% material costs and approximately 24.9% of direct labour costs whereas that for the year ended 31 December 2014 mainly comprised approximately 49.9% of subcontracting fees, 22.9% material costs and approximately 27.2% of direct labour costs.

Gross profit and gross profit margin

The Group's gross profit increased by approximately MOP33.9 million or 140.3% from approximately MOP24.1 million for the year ended 31 December 2013 to approximately MOP58.0 million for the year ended 31 December 2014. Such increase was mainly attributable to the expanded revenue and project base during the year.

The Group's gross profit margin increased from approximately 40.7% for the year ended 31 December 2013 to approximately 49.3% for the year ended 31 December 2014. With respect to fitting-out works segment, the gross profit margin increased from approximately 44.2% for the year ended 31 December 2013 to 51.2% for the year ended 31 December 2014, such increase was mainly driven by higher profit margin of sizeable projects carried out during the year, i.e the four fitting-out projects that individually contributed revenue of over MOP10,000,000 during the year ended 31 December 2014, which together had an overall gross profit margin of approximately 70.2% that is higher than that of 51.2% of the one fitting-out project that contributed revenue of over MOP10,000,000 during the year ended 31 December 2013, as illustrated in the table below. The higher profit margin of the sizeable fitting-out projects during the year ended 31 December 2014 was mainly attributable to undertaken projects that required completion within a very short timeframe, being (i) two hotel and casino fitting-out projects awarded by Customer E with original contract sum of approximately MOP2.3 million and MOP2.1 million was revised to approximately MOP15.0 million and MOP10.1 million, respectively, and the periods of completion of the additional works were both within 30 days, after completion of these two projects the Group achieved gross profit margin of approximately 86.7% and 73.6% in each project, respectively; and (ii) a hotel and casino fitting-out project awarded by Customer A which included certain ad-hoc additional works that needed to be carried out and completed within 30 days, the contract sum was approximately HK$8.1 million (equivalent to approximately MOP8.3 million) and the revenue recognised in such project was approximately MOP11.5 million, the Group recorded profit margin of approximately 66.8% in this project.

In respect of the fitting-out works segment, the following table sets forth further analysis on the gross profit and gross profit margin of the Group's fitting-out projects based on their scales of respective revenue recognised during the years ended 31 December 2013 and 2014:

	Year ended 31 December			
	2013		2014	
	Gross profit MOP'000	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*
Revenue recognised from individual fitting-out project				
MOP10,000,000 or above	6,099	51.2	34,425	70.2
MOP5,000,000 to below MOP10,000,000	–	–	5,864	30.7
MOP1,000,000 to below MOP5,000,000	13,396	42.7	12,800	36.1
Below MOP1,000,000	2,436	38.0	1,527	49.2
Total/overall	21,931	44.2	54,616	51.2

With respect to construction works segment, gross profit margin decreased from approximately 12.6% from the year ended 31 December 2013 to 6.2% for the year ended 31 December 2014, respectively, the Directors are of the view that such drop of gross profit margin of construction works was mainly due to the fact that the Group encountered intense competition for bidding Macau Government projects and the Group offered competitive pricing to maintain its market presence in government projects. For repair and maintenance works segment, the gross profit margin was approximately 51.0% and 81.0% for each of the two years ended 31 December 2013 and 2014, respectively. The Directors consider that the gross profit margin of repair and maintenance was generally higher mainly due to the nature of the works and less materials consumed and less subcontracting required in carrying out such projects.

The gross profit margin of repair and maintenance works increased from approximately 51.0% for the year ended 31 December 2013 to approximately 81.0% for the year ended 31 December 2014. Such increase was mainly attributable to a repair and maintenance project during the year ended 31 December 2014 in which the Group charged the customer a relatively higher price due to the specific requirements from the customer that the repair and maintenance works need to be conducted without disrupting its operation. In addition, this project mainly involves the repair and maintenance of furniture and lightings, which was conducted by the in-house workers of the Group without incurring substantive costs. As a result, the Group recorded a higher gross profit margin from the project.

Other income, gains and losses

The Group recorded other losses of approximately MOP0.5 million for the year ended 31 December 2013 mainly arising from the provision of trade receivables amounting to approximately MOP1.4 million while the Group recorded other income and gains of approximately MOP2.4 million for the year ended 31 December 2014 mainly comprising net exchange gain of approximately MOP73,000, imputed interest income of approximately MOP2.3 million and consultancy fee income of approximately MOP100,000.

Administrative expenses

The Group's administrative expenses increased by approximately MOP3.9 million or 63.2% from approximately MOP6.1 million for the year ended 31 December 2013 to approximately MOP10.0 million for the year ended 31 December 2014. Such increase was in line with the Group's business expansion and was mainly attributable to (i) the increase in the Group's staff salaries of approximately MOP0.5 million, (ii) increase in the agency fee of approximately MOP0.5 million as more non-resident workers were hired through human resource agent and increase of recruiting expenses of approximately MOP0.6 million for the recruitment of additional workers as more projects were carried out in 2014.

Finance costs

The Group's finance costs increased by approximately MOP0.4 million or 123.2% from approximately MOP0.3 million for the year ended 31 December 2013 to approximately MOP0.7 million for the year ended 31 December 2014. Such increase was mainly attributable to the increase in the Group's bank and other borrowings from approximately MOP8.2 million as at 31 December 2013 to approximately MOP20.4 million as at 31 December 2014 and the new bank borrowings raised during the year ended 31 December 2014 was generally approximately MOP28.1 million as compared to MOP10.0 million of prior year.

Income tax expense

The Group's income tax expense increased by approximately MOP4.0 million or 168.7% from approximately MOP2.4 million for the year ended 31 December 2013 to approximately MOP6.3 million for the year ended 31 December 2014. Such increase was mainly attributable to the increase in the Group's profit before taxation from approximately MOP17.2 million for the year ended 31 December 2013 to approximately MOP49.7 million for the year ended 31 December 2014. The effective tax rate of the Group was approximately 13.7% and 12.8% for each of the two years ended 31 December 2013 and 2014, respectively, which was generally in line with the Macau Complementary Tax rate of 12%.

Profit and total comprehensive income for the year attributable to owners of the Company

The Group's profit and total comprehensive income for the year attributable to owners of the Company increased by approximately MOP28.4 million or 191.1% from approximately MOP14.9 million for the year ended 31 December 2013 to approximately MOP43.3 million for the year ended 31 December 2014, which was mainly attributable to the combined effect of the aforementioned items.

Year ended 31 December 2015 compared with the year ended 31 December 2014

Revenue

The Group's revenue increased by approximately MOP103.0 million or 87.4% from approximately MOP117.8 million for the year ended 31 December 2014 to approximately MOP220.7 million for the year ended 31 December 2015. Such increase was mainly attributable to the significant increase of approximately MOP110.2 million or 103.3% in the revenue derived from fitting-out works and partly offset by the decrease of approximately MOP6.1 million or 82.6% in the revenue derived from construction works.

In respect of the fitting-out works segment, the following table sets forth a breakdown of the Group's fitting-out projects based on their scales of respective revenue recognised during the years ended 31 December 2014 and 2015:

	Year ended 31 December			
	2014		2015	
	MOP'000	*Number of projects*	*MOP'000*	*Number of projects*
Revenue recognised from individual fitting-out project				
MOP20,000,000 or above	–	–	137,623	4
MOP10,000,000 to below MOP20,000,000	49,063	4	40,913	3
MOP5,000,000 to below MOP10,000,000	19,117	3	–	–
MOP1,000,000 to below MOP5,000,000	35,441	14	30,826	14
Below MOP1,000,000	3,101	13	7,560	15
Total	106,722	34	216,922	36

During the year ended 31 December 2015, the Group recorded significant increase in revenue derived from fitting-out works, such increase was mainly driven by the continuous increased number of sizeable projects carried out during the year, i.e there were seven fitting-out projects that individually contributed revenue of over MOP10,000,000 to the Group among which there were five fitting-out projects newly carried out during the year ended 31 December 2015. The revenue recognised individually from the Podium Project, which was awarded to the Group during the year ended 31 December 2014, amounted to approximately MOP61.4 million for the year ended 31 December 2015, representing approximately 27.8% of the Group's total revenue for the same year.

On top of the 13 backlog fitting-out projects as at 31 December 2014 with backlog value of approximately MOP233.4 million, the Group had also been awarded 23 fitting-out projects during the year ended 31 December 2015, which have an aggregate awarded contract sum of approximately MOP162.9 million. The Directors consider that the growth in the Group's revenue was also attributable to the expansion in the Group's workforce and capability to execute its projects. The Group's number of employee increased from 90 as at 31 December 2014 to 186 as at 31 December 2015, in particular, the number of its direct workers, who perform execution works at site for its projects, increased significantly by approximately 118.8% from 64 as at 31 December 2014 to 140 as at 31 December 2015.

Revenue derived from private sectors increased from approximately MOP116.1 million for the year ended 31 December 2014 to MOP220.2 million for the year ended 31 December 2015, representing an increase of approximately MOP104.1 million or 89.7%, mainly arising from the increase of revenue from fitting-out works for hotel and casino which increased by approximately MOP65.5 million. Meanwhile, revenue derived from public sectors decreased from approximately MOP1.7 million for the year ended 31 December 2014 to MOP0.5 million for the year ended 31 December 2015, representing a decrease of approximately MOP1.2 million or 68.8%, mainly due to the management aimed to focus on those more profitable private projects such as hotel and casino projects and retail shop and restaurant fitting-out works and thus less bidding for contracts tendered by Macau Government and accordingly, less contracts were awarded by Macau Government.

Cost of sales

The Group's cost of sales increased by approximately MOP100.8 million or 168.7% from approximately MOP59.7 million for the year ended 31 December 2014 to approximately MOP160.5 million for the year ended 31 December 2015. The magnitude of increase in cost of sales was higher than that of revenue growth was mainly due to the large scale fitting-out projects carried out during the year ended 31 December 2015 that generally demands higher use of expensive furniture and decorative materials, which also led to the narrowing of the Group's gross profit margin for the year of 2015 as analysed. The Group's cost of sales for the year ended 31 December 2015 mainly comprised approximately 31.9% of subcontracting fees, 39.8% of material costs and 28.3% of direct labour costs. whereas that for the year need 31 December 2014 comprised mainly approximately 49.9% of subcontracting fees, 22.9% of material costs and 27.2% of direct labour costs.

Gross profit and gross profit margin

The Group's gross profit increased by approximately MOP2.2 million or 3.8% from approximately MOP58.0 million for the year ended 31 December 2014 to approximately MOP60.2 million for the year ended 31 December 2015. Such increase was mainly attributable to the increase in the total revenue and was partly offset by the relatively larger increase in the total cost of sales as mentioned above.

Despite the growth in gross profit, the Group's gross profit margin decreased from approximately 49.3% for the year ended 31 December 2014 to approximately 27.3% for the year ended 31 December 2015. With respect to fitting-out works segment, the gross profit margin decreased from approximately 51.2% for the year ended 31 December 2014 to 26.9% for the year ended 31 December 2015, such decrease was mainly resulted from lower profit margin of the large scale projects, i.e for the four fitting-out project with individual revenue recognised over MOP20,000,000 during the year ended 31 December 2015, the overall gross profit margin was approximately 20.9%. The Directors believe that the gross profit margin for the large scale projects (i.e. with revenue recognised over MOP20,000,000) are lower than that of the lower scale projects as the Group tends to lower the margin of such large scale projects to increase competitiveness of the tender given the size of such contracts. Since the Group has commenced to undertake more large scale projects, the gross profit margin of the Group for the year ended 31 December 2015 was lower than that for the each of the two years ended 31 December 2014, which the Group did not undertake any projects with revenue recognised over MOP20,000,000. Projects with revenue recognised between MOP10,000,000 to MOP20,000,000 during the year ended 31 December 2014, as illustrated in the table below, had an average gross profit margin of approximately 70.2%, higher than that of approximately 38.3% for the year ended 31 December 2015. The lower gross profit margin of such fitting-out projects carried out during the year ended 31 December 2015, was mainly due to (i) the undertaking of more such fitting-out projects for hotel and casino (i.e. projects that contributed revenue from MOP10,000,000 to below MOP20,000,000 during the year) during the year ended 31 December 2015; and (ii) competitive pricing in bidding for contracts. With respect to large scale fitting-out projects for hotel and casino, during the year ended 31 December 2015, the Group undertook four large scale fitting-out projects that contributed average revenue of approximately MOP34.4 million per project, in contrast to nil large scale fitting-out project for the year ended 31 December 2014. Such large scale fitting-out projects carried out during the year ended 31 December 2015 generally demands higher use of expensive furniture and decorative materials. The combined effect of higher contract value of such projects that reflects the higher material costs attributable to the more expensive furniture and decorative materials used, and the corresponding higher material costs, resulted in considerable decrease in gross profit margin for the year ended 31 December 2015. With respect to competitive pricing in bidding for contracts, the Group faced intense competition for bidding large scale fitting-out works and therefore, the Group offered competitive pricing in tendering in order to maintain its market share.

In respect of the fitting-out works segment, the following table sets forth an analysis on the gross profit and gross profit margin of the Group's fitting-out projects based on their scales of respective revenue recognised during the years ended 31 December 2014 and 2015:

	Year ended 31 December			
	2014		2015	
	Gross profit MOP'000	*Gross profit margin %*	*Gross profit MOP'000*	*Gross profit margin %*
Revenue recognised from individual fitting-out project				
MOP20,000,000 or above	–	–	28,730	20.9
MOP10,000,000 to below MOP20,000,000	34,425	70.2	15,679	38.3
MOP5,000,000 to below MOP10,000,000	5,864	30.7	–	–
MOP1,000,000 to below MOP5,000,000	12,800	36.1	11,605	37.6
Below MOP1,000,000	1,527	49.2	2,361	31.2
Total/overall	54,616	51.2	58,375	26.9

With respect to construction works, gross profit margin maintained relatively stable at approximately 6.2% and 5.8% for each of the two years ended 31 December 2014 and 2015, respectively. For repair and maintenance works, the gross profit margin was approximately 81.0% and 71.1% for each of the two years ended 31 December 2014 and 2015, respectively. Directors consider that the gross profit margin of repair and maintenance was generally higher mainly due to the nature of the works, and less materials consumed and as well as less subcontracting required in carrying out such projects.

The gross profit margin of repair and maintenance works decreased from approximately 81.0% for the year ended 31 December 2014 to approximately 71.1% for the year ended 31 December 2015, such decrease was mainly due to the completion of a repair and maintenance project which had a particularly high gross profit margin in 2014, partially offset by another repair and maintenance project during the year ended 31 December 2015 in which the Group was only required to provide advice regarding repair and maintenance and thus incurred only minimal costs.

During the year ended 31 December 2015, the Group entered 3 retail shop and restaurant fitting-out contracts and 3 hotel and casino fitting-out contracts with customers as a subcontractor while those 3 retail shop and restaurant fitting-out contracts were completed within the same year. The gross profit generated by the Group as a main contractor for the year ended 31 December 2015 was approximately MOP55.9 million with a gross profit margin of approximately 26.2% while the gross profit generated by the Group as a subcontractor for the year ended 31 December 2015 was approximately MOP2.5 million with a gross profit margin of approximately 49.0%.

The Group had a higher gross profit margin as a subcontractor than that as a main contractor was mainly due to the high gross profit margins charged by the Group on the 3 retail shop and restaurant projects with a same customer, which ranged from approximately 50.4% to 61.2%, given that the customer does not have its own direct workers to perform fitting-out works and hence such customer subcontracted all the works to the Group.

Other income, gains and losses

The Group's other income and gains increased by approximately MOP0.7 million or 28.8% from approximately MOP2.4 million for the year ended 31 December 2014 to approximately MOP3.0 million for the year ended 31 December 2015. Such increase was mainly attributable to increase of imputed interest income of approximately MOP0.8 million.

Administrative expenses

The Group's administrative expenses increased by approximately MOP4.3 million or 43.4% from approximately MOP10.0 million for the year ended 31 December 2014 to approximately MOP14.3 million for the year ended 31 December 2015. Such increase was in line with the Group's business expansion and was mainly attributable to the increase in the Group's staff costs of approximately MOP2.4 million, or 63.9% mainly arising from increased number of employees in particular a new project director, being a senior management of the Group, appointed in July 2015.

Finance costs

The Group's finance costs increased by approximately MOP1.1 million or 144.5% from approximately MOP0.7 million for the year ended 31 December 2014 to approximately MOP1.8 million for the year ended 31 December 2015. Such increase was mainly attributable to the increase in the Group's bank and other borrowings from approximately MOP20.4 million as at 31 December 2014 to approximately MOP47.0 million as at 31 December 2015 and the new bank borrowings raised during the year ended 31 December 2015 was approximately MOP50.2 million as compared to MOP28.1 million of prior year.

Income tax expense

The Group's income tax expense slightly decreased by approximately MOP0.6 million or 8.7% from approximately MOP6.3 million for the year ended 31 December 2014 to approximately MOP5.8 million for the year ended 31 December 2015. Such decrease was mainly attributable to the slight decrease in the Group's profit before taxation from approximately MOP49.7 million for the year ended 31 December 2014 to approximately MOP47.2 million for the year ended 31 December 2015.

Profit and total comprehensive income for the year attributable to owners of the Company

The Group's profit and total comprehensive income for the year attributable to owners of the Company slightly decreased by approximately MOP2.0 million or 4.5% from approximately MOP43.3 million for the year ended 31 December 2014 to approximately MOP41.4 million for the year ended 31 December 2015, which was mainly attributable to the combined effect of the aforementioned items.

Seven months ended 31 July 2016 compared with the seven months ended 31 July 2015

Revenue

The Group's revenue increased by approximately MOP12.9 million or 11.0% from approximately MOP116.7 million for the seven months ended 31 July 2015 to approximately MOP129.5 million for the seven months ended 31 July 2016. Such increase was mainly attributable to the increase of approximately MOP13.3 million or 11.6% in the revenue derived from fitting-out works, which was partly offset by (i) the decrease of approximately MOP0.2 million or 24.7% in the revenue derived from construction works; and (ii) the decrease of approximately MOP0.2 million or 14.0% in the revenue derived from repair and maintenance works. In respect of the fitting-out works segment, revenue attributable to hotel and casino remained relatively stable while the revenue attributable to retail shop and restaurant recorded an increase of approximately 35.3% or MOP13.9 million from approximately MOP39.3 million for the seven months ended 31 July 2015 to approximately MOP53.2 million for the seven months ended 31 July 2016. There were 24 and 32 fitting-out projects with revenue recognition during the seven months ended 31 July 2015 and 2016, respectively, of which the number of fitting-out projects with individual revenue contribution more than MOP10,000,000 increased from four for the seven months ended 31 July 2015 to five for the seven months ended 31 July 2016. During the seven months ended 31 July 2016, the revenue recognised individually from the Podium Project amounted to approximately MOP31.4 million, representing approximately 24.2% of the Group's total revenue for the same period.

Revenue derived from private sector increased from approximately MOP116.2 million for the seven months ended 31 July 2015 to approximately MOP128.8 million for the seven months ended 31 July 2016, representing an increase of approximately MOP12.6 million or 10.8%, mainly arising from the increase of revenue derived from fitting-out works for retail shop and restaurant which increased by approximately MOP13.9 million. In addition, revenue derived from public sector also increased from approximately MOP0.4 million for the seven months ended 31 July 2015 to approximately MOP0.7 million for the seven months ended 31 July 2016, representing an increase of approximately MOP0.3 million or 60.4%, mainly arising from two general construction projects in the public sector.

Cost of sales

The Group's cost of sales increased by approximately MOP8.1 million or 9.4% from approximately MOP86.1 million for the seven months ended 31 July 2015 to approximately MOP94.2 million for the seven months ended 31 July 2016. Such increase was driven by the increase of revenue during the corresponding period. The Group's cost of sales for the seven months ended 31 July 2016 mainly comprised approximately 41.6% of subcontracting fees, 30.2% of material costs and 28.2% of direct labour costs, whereas that for the seven months ended 31 July 2015 mainly comprised approximately 33.9% of subcontracting fees, 39.6% of material costs and 26.5% of direct labour costs.

Gross profit and gross profit margin

The Group's gross profit increased by approximately MOP4.7 million or 15.5% from approximately MOP30.6 million for the seven months ended 31 July 2015 to approximately MOP35.4 million for the seven months ended 31 July 2016. Such increase was mainly attributable to the increase in the total revenue and the relatively lower increase in the total cost of sales.

The Group's gross profit margin for the seven months ended 31 July 2016 amounted to approximately 27.3%, which remained stable as compared to that of approximately 26.2% for the seven months ended 31 July 2015.

The gross profit margin of repair and maintenance works decreased from approximately 74.3% for the seven months ended 31 July 2015 to approximately 62.9% for the seven months ended 31 July 2016. During the seven months ended 31 July 2016, the Group has been awarded two regular repair and maintenance projects which involves the regular cleaning and inspection services on air conditioning systems which required subcontractors to perform such works and hence lowered the gross profit margins of those projects.

During the seven months ended 31 July 2016, the Group had 3 hotel and casino fitting-out contracts in progress as a subcontractor. The gross profit generated by the Group as a main contractor for the seven months ended 31 July 2016 was approximately MOP30.8 million while the gross profit generated by the Group as a subcontractor for the seven months ended 31 July 2016 was approximately MOP3.8 million. For the seven months ended 31 July 2015, the Group recorded approximately MOP28.4 million gross profit with a gross profit margin of approximately 25.1% as a main contractor and recorded approximately MOP1.1 million gross profit with a gross profit margin of approximately 56.2% as a subcontractor. The Group had a higher gross profit margin as a subcontractor than that as a main contractor was mainly due to the high gross profit margins charged by the Group on the 3 retail shop and restaurant projects with a same customer, which ranged from approximately 50.4% to 61.2%, given that the customer does not have its own direct workers to perform fitting-out works and hence such customer subcontracted all the works to the Group.

The Group's gross profit margin for the seven months ended 31 July 2016 as a subcontractor was approximately 24.5% which is in a similar level to that of the Group's gross profit margin as a main contractor of approximately 27.3%.

Other income, gains and losses

The Group recorded other losses of approximately MOP0.2 million for the seven months ended 31 July 2016 as compared to other gains of approximately MOP1.5 million for the seven months ended 31 July 2015. The other losses were mainly attributable to (i) the decrease in imputed interest income from approximately MOP1.7 million for the seven months ended 31 July 2015 to approximately MOP0.7 million for the seven months ended 31 July 2016; (ii) the provision of trade receivables of approximately MOP1.0 million for the seven months ended 31 July 2016; and (iii) the loss on dissolution of an associated company of approximately MOP40,000 for the seven months ended 31 July 2016.

Administrative expenses

The Group's administrative expenses increased by approximately MOP3.0 million or 33.1% from approximately MOP9.0 million for the seven months ended 31 July 2015 to approximately MOP11.9 million for the seven months ended 31 July 2016. Such increase was in line with the Group's business expansion and was mainly attributable to the increase in the Group's staff salaries of approximately MOP3.3 million or 79.6% mainly arising from increased staff number in particular a new project director, being a senior management of the Group, was appointed in July 2015.

Listing expenses

The Group incurred Listing expenses of approximately MOP7.1 million for the seven months ended 31 July 2016 while the Group did not incur any Listing expenses for the corresponding period of prior year.

Finance costs

The Group's finance costs increased by approximately MOP0.2 million or 20.0% from approximately MOP0.9 million for the seven months ended 31 July 2015 to approximately MOP1.1 million for the seven months ended 31 July 2016. Such increase was mainly attributable to the new bank borrowings raised of approximately MOP31.3 million during the seven months ended 31 July 2016.

Income tax expense

The Group's income tax expense decreased by approximately MOP0.2 million or 7.7% from approximately MOP2.7 million for the seven months ended 31 July 2015 to approximately MOP2.5 million for the seven months ended 31 July 2016. Such decrease was mainly attributable to the decrease in the Group's profit before taxation from approximately MOP22.2 million for the seven months ended 31 July 2015 to approximately MOP15.1 million for the seven months ended 31 July 2016.

Profit and total comprehensive income for the period attributable to owners of the Company

The Group's profit and total comprehensive income for the period attributable to owners of the Company decreased by approximately MOP6.9 million or 35.4% from approximately MOP19.5 million for the seven months ended 31 July 2015 to approximately MOP12.6 million for the seven months ended 31 July 2016, which was mainly attributable to the combined effect of the aforementioned items.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, the Group's operations were generally financed through a combination of internally generated cash flows and borrowings from banks. The Directors believe that in the long term, the Group's operation will be funded by internally generated cash flows and bank borrowings, the net proceeds from the Listing and, if necessary, additional equity financing when the needs come.

Cash flows

The following table sets forth a condensed summary of the Group's combined statements of cash flows during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Net cash from operating activities	5,398	38,542	4,883	4,973	23,051
Net cash used in investing activities	(9,966)	(40,959)	(27,949)	(18,502)	(3,382)
Net cash from (used in) financing activities	5,710	1,159	24,716	15,886	(19,810)
Net increase (decrease) in cash and cash equivalents	1,142	(1,258)	1,650	2,357	(141)
Cash and cash equivalents at the beginning of the year/period	356	1,498	240	240	1,890
Cash and cash equivalents at the end of the year/period	1,498	240	1,890	2,597	1,749

Operating activities

The Group derives its cash inflow from operating activities primarily from the receipt of payments from contract work. The Group's cash outflow from operations primarily includes subcontracting costs, purchases of raw materials and staff costs, and all other operating expenses such as payment of Listing expenses, employee benefits, insurance expenses, repairs and maintenance costs, and rental expenses.

Year ended 31 December 2013

The Group's operating profit before movement in working capital was approximately MOP18.5 million, consisting of profit before income tax expense of approximately MOP17.2 million, adjusted by (i) depreciation of property, plant and equipment of approximately MOP0.2 million; (ii) provision of trade receivables of approximately MOP1.4 million; (iii) imputed interest income of approximately MOP0.6 million and (iv) interest on bank borrowing of approximately MOP0.3 million. Negative working capital changes of approximately MOP13.1 million was mainly due to the increase in: (i) trade and other receivables of approximately MOP3.3 million; (ii) amounts due from Directors of approximately MOP2.4 million; and (iii) amounts due from customers for contract work of approximately MOP7.7 million, together with the decrease in trade and other payables of approximately MOP2.1 million and partly offset by the increase in amounts due to customers for contract work of approximately MOP2.3 million. Based on the foregoing, the Group's net cash generated from operating activities after the Macau Complementary Tax paid amounted to approximately MOP5.4 million.

Year ended 31 December 2014

The Group's operating profit before movement in working capital was approximately MOP48.6 million, consisting of profit before income tax expense of approximately MOP49.7 million, adjusted by (i) depreciation of property, plant and equipment of approximately MOP0.3 million; (ii) provision of trade receivables of approximately MOP0.2 million; (iii) imputed interest income of approximately MOP2.2 million and (iv) interest on bank borrowing of approximately MOP0.7 million. Negative working capital changes of approximately MOP10.1 million was mainly due to the increase in: (i) amounts due from Directors of approximately MOP3.3 million; (ii) amounts due from customers for contract work of approximately MOP12.1 million and (iii) pledged bank deposits of approximately MOP0.6 million, together with the decrease in amounts due to customers for contract work of approximately MOP3.0 million and partly offset by the increase in trade and other payables of approximately MOP2.4 million and decrease in trade and other receivables of approximately MOP6.5 million. Based on the foregoing, the Group's net cash generated from operating activities after the Macau Complementary Tax paid amounted to approximately MOP38.5 million.

Year ended 31 December 2015

The Group's operating profit before movement in working capital was approximately MOP46.4 million, consisting of profit before income tax expense of approximately MOP47.2 million, adjusted by (i) depreciation of property, plant and equipment of approximately MOP0.5 million; (ii) imputed interest income of approximately MOP3.0 million; and (iii) interest on bank borrowing of approximately MOP1.8 million. Negative working capital changes of approximately MOP41.2 million was mainly due to the increase in: (i) trade and other receivables of approximately MOP37.2 million; (ii) amounts due from Directors of approximately MOP0.9 million and (iii) amounts due from customers for contract work of approximately MOP33.7 million and partly offset by the increase in trade and other payables of approximately MOP15.6 million and increase in amounts due to customers for contract work of approximately MOP15.4 million. Based on the foregoing, the Group's net cash generated from operating activities after the Macau Complementary Tax paid amounted to approximately MOP4.9 million.

Seven months ended 31 July 2016

The Group's operating profit before movement in working capital was approximately MOP16.8 million, consisting of profit before income tax expense of approximately MOP15.1 million, adjusted by (i) depreciation of property, plant and equipment of approximately MOP0.3 million; (ii) provision of trade receivables of approximately MOP1.0 million; (iii) loss on dissolution of an associate company of approximately MOP40,000; (iv) imputed interest income of approximately MOP0.7 million; and (v) interest on bank borrowing of approximately MOP1.1 million. Positive working capital changes of approximately MOP6.6 million was mainly due to (i) the increase in trade and other payables of approximately MOP12.3 million; and (ii) the increase in amounts due to customers for contract work of approximately MOP12.5 million, partly offset by the (i) increase in trade and other receivables of approximately MOP18.7 million; and (ii) increase in amounts due from Directors of approximately MOP41,000. Based on the foregoing, the Group's net cash generated from operating activities after the Macau Complementary Tax paid amounted to approximately MOP23.1 million.

Investing activities

During the Track Record Period, the Group's cash outflow from investing activities primarily consisted of the purchases of property, plant and equipment, and advances to the Directors and related parties; and the Group's cash inflow from investing activities consisted primarily of repayments from the Directors and related parties and bank interests received.

Year ended 31 December 2013

The Group recorded net cash used in investing activities of approximately MOP10.0 million primarily as a result of the advances to the Directors of approximately MOP32.0 million and advances to related parties of approximately MOP14.1 million, and partly offset by the repayments from the Directors of approximately MOP 35.6 million and repayments from related parties of approximately MOP0.7 million.

Year ended 31 December 2014

The Group recorded net cash used in investing activities of approximately MOP41.0 million primarily as a result of (i) the advances to the Directors of approximately MOP41.9 million; (ii) advances to related parties of approximately MOP10.8 million and (iii) purchase of property, plant and equipment of approximately MOP0.8 million and partly offset by the repayments from the Directors of approximately MOP5.1 million and repayments from related parties of approximately MOP7.4 million.

Year ended 31 December 2015

The Group recorded net cash used in investing activities of approximately MOP27.9 million primarily as a result of (i) the advances to the Directors of approximately MOP83.5 million; (ii) advances to related parties of approximately MOP1.9 million and (iii) purchase of property, plant and equipment of approximately MOP0.7 million and partly offset by the repayments from the Directors of approximately MOP57.6 million.

Seven months ended 31 July 2016

The Group recorded net cash used in investing activities of approximately MOP3.4 million primarily as a result of (i) the advances to the Directors of approximately MOP8.1 million; (ii) advances to related parties of approximately MOP4.0 million; and (iii) purchase of property, plant and equipment of approximately MOP124,000, partly offset by the repayments from the Directors of approximately MOP8.8 million and repayments from related parties of approximately MOP40,000.

Financing activities

During the Track Record Period, the Group's cash outflow for financing activities consisted primarily of repayment of bank and other borrowings, payment of interest and dividend and the Group's cash inflow from financing activities consisted primarily of new bank borrowings raised.

Year ended 31 December 2013

The Group recorded net cash from financing activities of approximately MOP5.7 million primarily as a result of the new bank borrowings of approximately MOP10.0 million and offset by repayments of bank and other borrowings of approximately MOP4.0 million and interest payment of approximately MOP0.3 million.

Year ended 31 December 2014

The Group recorded net cash from financing activities of approximately MOP1.2 million primarily as a result of the new bank borrowings of approximately MOP28.1 million and offset by repayments of bank and other borrowings of approximately MOP16.0 million, dividend paid of approximately MOP10.3 million and interest payment of approximately MOP0.7 million.

Year ended 31 December 2015

The Group recorded net cash from financing activities of approximately MOP24.7 million primarily as a result of the new bank borrowings of approximately MOP50.2 million and offset by repayments of bank and other borrowings of approximately MOP23.7 million and interest payment of approximately MOP1.8 million.

Seven months ended 31 July 2016

The Group recorded net cash used in financing activities of approximately MOP19.8 million primarily as a result of (i) the repayments of bank and other borrowings of approximately MOP49.9 million; and (ii) interest paid of approximately MOP1.1 million, partly offset by the new bank and other borrowings raised of approximately MOP31.3 million.

CAPITAL EXPENDITURES

The Group has incurred capital expenditure for the addition of property, plant and equipment, which mainly includes the purchase of plant and machinery and furniture, fixture and equipment, amounting to approximately MOP56,000, MOP771,000, MOP731,000 and MOP124,000 for each of the three years ended 31 December 2013, 2014 and 2015, and seven months ended 31 July 2016, respectively.

The Group anticipates that the funds required for such capital expenditure will be financed by cash generated from operations and the net proceeds from the Share Offer. It should be noted that the current plan with respect to future capital expenditure may be subject to change based on the implementation of business plan, including but not limited to, potential acquisitions, the progress of capital projects, market conditions and the outlook of future business conditions. As the Group will continue to expand, additional capital expenditures may be incurred and the Group may consider raising additional funds as and when appropriate. The Group's ability in obtaining additional funding in the future is subject to a variety of uncertainties including but not limited to, further operation results, financial conditions and cash flows, economic, political and other conditions.

WORKING CAPITAL

During the Track Record Period, the Group met its working capital and other liquidity requirements principally from cash from operations, bank borrowings and funds from shareholder and related companies and the latest details are as below:

– the Group's bank balances and cash of approximately MOP8.5 million as at 31 July 2016 and MOP10.3 million as at 30 November 2016;

– as at 30 November 2016, the Group had banking facilities, excluding bank overdraft, performance bond and mortgage loans, amounting in aggregate to approximately MOP38.7 million, of which MOP34.2 million was utilised and MOP4.5 million was unutilised as at 30 November 2016;

– the estimated aggregate net proceeds to the Company from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and an Offer Price of HK$1.15 will be approximately HK$89.8 million (equivalent to approximately MOP92.5 million). The Group currently plans to use the net proceeds from the Share Offer to primarily finance the Group's fitting-out projects after Listing.

The Directors are of the opinion that, taking into consideration the internal resources and the unutilised banking facilities presently available to the Group, and the estimated net proceeds of the Share Offer, the Group has sufficient working capital for the Group's present requirements for at least the next 12 months commencing on the date of this prospectus.

NET CURRENT ASSETS

The following table sets forth a breakdown of the Group's current assets and liabilities as at the dates indicated:

	As at 31 December			As at 31 July	As at 30 November
	2013	2014	2015	2016	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)
Current assets					
Trade and other receivables	15,790	9,044	46,246	64,019	72,100
Amounts due from related parties	8,103	4	28,955	–	–
Amounts due from Directors	11,239	51,584	78,741	41,308	41,042
Amount due from ultimate holding company	–	–	–	1	1
Amounts due from customers for contract work	9,478	21,540	55,284	54,787	80,108
Pledged bank deposits	39	648	1,051	1,051	1,771
Bank balances and cash	1,742	2,347	1,890	8,456	10,320
	46,391	85,167	212,167	169,622	205,342
Current liabilities					
Trade and other payables	9,903	12,257	27,906	40,198	68,198
Amounts due to related parties	1,325	221	246	–	–
Amounts due to Directors	–	272	667	667	667
Amount due to subsidiaries	–	–	–	–	–
Amounts due to customers for contract work	3,938	967	16,350	28,868	20,397
Tax payable	5,732	12,076	17,488	19,729	22,936
Bank overdrafts	244	2,107	–	6,707	2,706
Bank and other borrowings	8,229	20,421	46,965	28,271	100,808
	29,371	48,321	109,622	124,440	215,712
Net current assets/(liabilities)	17,020	36,846	102,545	45,182	(10,370)

As at 31 December 2013, 2014 and 2015 and 31 July 2016, the Group had net current assets of approximately MOP17.0 million, MOP36.8 million, MOP102.5 million and MOP45.2 million, respectively. The general increase from 2013 to 2015 was primarily due to the Group's business expansion and the decrease from 31 December 2015 to 31 July 2016 was primarily due to the dividend of MOP70.0 million declared during the seven months ended 31 July 2016, all of which had been settled by offsetting with amount due from a Director.

As at 30 November 2016, being the latest practicable date for the preparation of the working capital sufficiency statement in this prospectus, the Group had net current liabilities of approximately MOP10.4 million, comprising current assets of approximately MOP205.3 million and current liabilities of approximately MOP215.7 million. The Group recorded net current liabilities position of the Group as at 30 November 2016 mainly due to the increase in bank and other borrowings as arised from the mortgage for the acquisition of a property for own use, of which the transactions has been completed on 24 October 2016.

TRADE AND OTHER RECEIVABLES/RETENTION RECEIVABLES

The following table sets forth a breakdown of the Group's trade and other receivables/retention receivables as at as at the dates indicated:

	As at 31 December			As at 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Trade receivables	13,671	4,517	27,382	26,036
Retention receivables	1,774	3,025	12,175	19,542
Deferred Listing expenses	–	–	–	2,303
Other receivables, prepayment and deposits	345	1,502	6,689	16,138
Total	15,790	9,044	46,246	64,019

Trade receivables

The Group allows an average credit period of 30 days to its customers. The following table sets forth an aged analysis of trade receivables presented based on invoice dates at the end of each reporting period, net of allowance for doubtful debts:

	As at 31 December			As at 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
1 – 30 days	8,411	2,365	14,756	7,153
31 – 60 days	2,025	1,332	4,315	11,117
61 – 90 days	1,430	75	5,853	1,203
Over 90 days	1,805	745	2,458	6,563
	13,671	4,517	27,382	26,036

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly.

As at 31 December 2013, 2014, 2015 and 31 July 2016, included in the Group's trade receivable balances were receivables with aggregate carrying amount of approximately MOP5.3 million, MOP2.2 million, MOP12.6 million and MOP18.9 million, respectively, which were past due at the end of each reporting period for which the Group had not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts were still considered recoverable. Accordingly, the directors of the Company believe that no impairment loss was required. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Overdue				
1 – 30 days *(Note 1)*	2,025	1,332	4,315	11,117
31 – 60 days	1,430	75	5,622	1,203
61 – 90 days	127	2	461	20
Over 90 days *(Note 2)*	1,678	743	2,229	6,543
	5,260	2,152	12,627	18,883

Notes:

1. Out of the amount of approximately MOP11.1 million overdue 1-30 days as at 31 July 2016, approximately MOP9.6 million or 86.5% was settled as of 30 November 2016.

2. Out of the amount of approximately MOP6.5 million overdue over 90 days as at 31 July 2016, approximately MOP0.5 million or 7.6% was settled as of 30 November 2016. As advised by the Directors, out of the remaining balance of approximately MOP6.0 million, a substantial portion is related to a fitting-out project with Cheersum Limited and repair and maintenance services provided by the Group to Canudilo International Company Limited. As advised by the Directors, Cheersum Limited has provided the Group the payment schedule while Canudilo International Company Limited is in the course of preparing the relevant payment.

   Given that both Canudilo International Company Limited and Cheersum Limited (i) are the major customers of the Group during the Track Record Period which the Group has an established relationship with them; and (ii) had satisfactory payment records during their respective years of business relationship with the Group, the Directors considered the remaining balance can be fully recoverable and thus, no impairment was provided.

The following table sets forth the trade receivables turnover days of the Group during the Track Record Period:

	Year ended 31 December 2013	2014	2015	Seven months ended 31 July 2016
Trade receivables turnover days *(Note)*	82.1	28.2	26.4	43.9

Note: Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year and 213 days for the period).

Trade receivables turnover days were approximately 82.1 days, 28.2 days, 26.4 days and 43.9 days for each of the three years ended 31 December 2013, 2014 and 2015 and seven months ended 31 July 2016, respectively, which were generally in line with the credit period granted to its customers except for the year ended 31 December 2013 and the seven months ended 31 July 2016 as the Group recorded trade receivables turnover days of approximately 82.1 days and 43.9 days, respectively, which mainly arising from the balance of certain customers past due beyond 365 days and the Group made full provision of approximately MOP1.4 million for the year ended 31 December 2013. During the seven months ended 31 July 2016, the Group recorded trade receivables turnover days of approximately 43.9 days, which was mainly due to the increase in trade receivables that are past due but not impaired from approximately MOP12.6 million as at 31 December 2015 to approximately MOP18.9 million as at 31 July 2016.

Up to 30 November 2016, approximately MOP18.4 million or 70.8% of the trade receivables as of 31 July 2016 has been settled.

Movement in the allowance for doubtful debts

	At 31 December 2013	2014	2015	At 31 July 2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Brought forward from last year	378	1,799	2,005	2,005
Provision for the year/period	1,421	206	–	967
Carried forward to next year/period	1,799	2,005	2,005	2,972

Included in the allowance for doubtful debts as at 31 December 2013, 2014 and 2015 and 31 July 2016 are individually impaired trade receivables with an aggregate balance of approximately MOP1.8 million, MOP2.0 million, MOP2.0 million and MOP3.0 million which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

Retention receivables

Retention receivables are unsecured, interest-free and recoverable at the end of the defects liability period of individual contracts, ranging from 2 months to 2 years from the date of the completion of the respective project.

The following is an aged analysis of retention receivables which are to be settled, based on the expiry of the defects liability period, at the end of each reporting period.

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
On demand or within one year	1,774	2,860	3,932	6,794
After one year	–	165	8,243	12,748
	1,774	3,025	12,175	19,542

Included in the Group's retention receivables balances as at 31 December 2013, 2014 and 2015 and 31 July 2016 were receivables with aggregate carrying amount of MOP189,000, MOP1,138,000, MOP575,000 and MOP1,921,000, respectively, which were past due at the end of each reporting period for which the Group had not provided for impairment loss. The Group does not hold any collateral over these balances.

The following table sets forth the retention receivables turnover days of the Group during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July
	2013	**2014**	**2015**	**2016**
Retention receivables turnover days *(Note)*	7.3	7.4	12.6	26.1

Note: Retention receivables turnover days is calculated based on the average of the beginning and ending balance of retention receivables divided by revenue for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year and 213 days for the period).

The Group's retention receivables turnover days were approximately 7.3 days, 7.4 days, 12.6 days and 26.1 days for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, respectively. The increasing retention receivables turnover days during the Track Record Period was due to the increase in the retention receivables which are to be settled after one year from nil as at 31 December 2013 to approximately MOP12.7 million as at 31 July 2016.

In determining the recoverability of trade and retention receivables, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of each reporting period.

The Group's trade and retention receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
HK$	10,954	4,855	31,629	11,230

Other receivables, prepayment and deposits

As at 31 December 2013, 2014, 2015 and 31 July 2016, the Group's other receivables, prepayment and deposits amounted to approximately MOP0.3 million, MOP1.5 million, MOP6.7 million and MOP16.1 million, respectively. The substantial increase in other receivables, prepayment and deposits by approximately 141.3% from approximately MOP6.7 million as at 31 December 2015 to approximately MOP16.1 million as at 31 July 2016, was mainly due to the increase in deposits paid to suppliers to purchase materials and subcontractors for the Group's projects by approximately MOP8.8 million or approximately 122.3% from approximately MOP6.1 million as at 31 December 2015 to approximately MOP14.9 million as at 31 July 2016. As at 31 July 2016, deposits paid to suppliers amounted to approximately MOP4.5 million as compared to that of approximately MOP1.6 million as at 31 December 2015. As advised by the Directors, the increase was mainly due to the Group is required to purchase materials from the designated suppliers per the request of the Group's customer. As such, the Group is required to pay deposits in advance and hence there was an increase in deposits paid to suppliers as at 31 July 2016. Further, deposits paid to subcontractors amounted to approximately MOP10.4 million as at 31 July 2016, with an increase of approximately MOP5.9 million or 131.9% from approximately MOP4.5 million as at 31 December 2015. As confirmed by the Directors, the increase in deposits paid to subcontractors was mainly due to (i) approximately MOP3.7 million and approximately MOP1.3 million paid to two of the subcontractors as nominated or named by the Group's customer; and (ii) specific terms entered into between the Group and a subcontractor to pay a deposit of approximately MOP2.3 million. Upon utilisation of materials by the Group or completion of works by subcontractors, the deposits paid will be recovered.

TRADE AND OTHER PAYABLES

The following table sets forth a breakdown of the Group's trade and other payables as at as at the dates indicated:

	As at 31 December			As at 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Trade payables	6,907	6,932	21,252	25,673
Retention payables *(Note)*	–	90	210	1,896
Accruals and other payables	2,996	5,235	6,444	12,629
Total	9,903	12,257	27,906	40,198

Note: Retention payables are interest-free and payable at the end of the defects liability period of individual contracts, ranging from 1 to 2 years from the completion date of the respective project.

Trade payables

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The average credit period taken for trade purchase is 30 to 90 days.

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period:

	As at 31 December			As at 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
1 – 30 days	2,038	1,862	8,075	7,278
31 – 60 days	1,516	907	4,179	6,966
61 – 90 days	838	216	682	3,263
Over 90 days	2,515	3,947	8,316	8,166
Total	6,907	6,932	21,252	25,673

The retention payables are to be settled within 1 to 2 years, based on the expiry of defects liability period, at the end of each reporting period.

The following is an aged analysis of retention payables which are to be settled, based on the expiry of the defects liability period, at the end of each reporting period.

	At 31 December			At 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
On demand or within one year	–	31	210	1,896
After one year	–	59	–	–
	–	90	210	1,896

The Group's trade and retention payables denominated in currencies other than the functional currency of the Group's relevant entities are set out below:

	As at 31 December			As at 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
HK$	133	1,430	3,705	3,783
RMB	1,834	1,556	2,126	4,680

The following table sets forth the trade payables turnover days of the Group during the Track Record Period:

	Year ended 31 December			Seven months ended 31 July
	2013	2014	2015	2016
Trade payables turnover days	53.4	21.4	23.3	38.6

Note: Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by revenue for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year and 213 days for the period).

Trade payables turnover days were approximately 53.4 days, 21.4 days, 23.3 days and 38.6 days for each of the three years ended 31 December 2013, 2014 and 2015 and seven months ended 31 July 2016, respectively, which were generally in line with the credit period granted by its suppliers of 30 to 90 days.

Up to 30 November 2016, approximately MOP14.9 million or 58.0% of the trade payables as of 31 July 2016 has been settled.

AMOUNTS DUE FROM (TO) RELATED PARTIES/DIRECTORS

	At 31 December			At 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Amounts due from (to) related parties:				
Non-trade nature				
– Blue Sky Design Studio	(307)	2	2	–
– Celebrity Limited	3	–	–	–
– Mantaly Property Company Limited	(803)	987	1,913	–
– Man Tong Tat Trading Company Limited	483	–	–	–
– Man Tong Trading	116	–	(14)	–
– Ms. Lai Ieng Fai	(208)	(208)	(208)	–
– Premier Property Company Limited	7,443	1,520	2,112	–
– Shining – International Food and Beverage Management Limited	56	–	–	–
– Tak Nang Investment & Development Co., Ltd.	4,122	4,780	5,420	–
– 陽江宏高房地產發展有限公司	9,696	17,346	19,506	–
	20,601	24,427	28,731	–
Trade nature				
– Combo Restaurant Management Company Limited	(7)	(13)	(24)	–
– Milestone Engineering Company Limited	2	2	2	–
	(5)	(11)	(22)	–
	20,596	24,416	28,709	–
Analysed for reporting purposes as:				
Amounts due from related parties (included in non-current assets)	13,818	24,633	–	–
Amounts due from related parties (included in current assets)	8,103	4	28,955	–
Amounts due to related parties	(1,325)	(221)	(246)	–
	20,596	24,416	28,709	–

Please refer to Note 20 of section A to the accountants' report set out in Appendix I to this prospectus for details of each of the balance above. All balances with related parties will be settled or repaid prior to the Listing.

The following table sets forth the Group's amounts due from Directors and amounts due to Directors as at the dates indicated:

	As at 31 December			As at 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Amounts due from (to) Directors				
Non-trade nature				
– Mr. Stanley Lai	7,366	45,492	67,985	30,470
– Mr. Harry Lai	1,106	(182)	3,807	3,848
– Ms. Karen Lai	–	(90)	(667)	(667)
Total	8,472	45,220	71,125	33,651
Trade nature				
– Mr. Stanley Lai	2,767	6,092	6,949	6,990
	11,239	51,312	78,074	40,641
Analysed for reporting purposes as:				
Amounts due from Directors	11,239	51,584	78,741	41,308
Amounts due to Directors	–	(272)	(667)	(667)
Total	11,239	51,312	78,074	40,641

Except for the trade receivables due from Mr. Stanley Lai amounting to approximately MOP2.8 million, MOP6.1 million, MOP6.9 million and MOP7.0 million as at 31 December 2013, 2014 and 2015 and 31 July 2016, respectively, the remaining balances were non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The trade receivables due from Mr. Stanley Lai are repayable on demand with no fixed credit terms. As at 31 December 2013, 2014 and 2015 and 31 July 2016, the trade receivables due from Mr. Stanley Lai were neither past due nor impaired. The Group did not hold any collateral over this balance.

The following is an aged analysis of the trade receivables from Mr. Stanley Lai presented based on invoice dates at the end of each reporting period.

	At 31 December			At 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
1-30 days	2,354	3,325	84	–
31-60 days	–	–	–	41
Over 90 days	413	2,767	6,865	6,949
	2,767	6,092	6,949	6,990

All balances with Directors will be settled or repaid prior to the Listing.

The amounts due from related parties denominated in currencies other than the functional currency of the relevant group entities are set out below:

	At 31 December			At 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
RMB	9,696	17,346	19,506	–

AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

Amounts due to customers for contract works represent fitting-out projects and construction projects in progress where the Group's progress billings exceed the costs incurred plus recognised profits less recognised losses. Conversely, if the costs incurred plus recognised profits less recognised losses exceed progress billings, amounts due from customers for contract work will be recognised as current assets of the Group.

The following table sets forth the Group's amounts due from customers for contract work and amounts due to customers for contract work as at the dates indicated:

	As at 31 December			As at 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Contracts in progress at the end of each reporting period:				
Contract costs incurred plus recognised profits less recognised losses	62,134	73,413	225,585	299,192
Less: Progress billings	(56,594)	(52,840)	(186,651)	(273,273)
	5,540	20,573	38,934	25,919
Analysed for reporting purposes as:				
Amounts due from customers for contract work	9,478	21,540	55,284	54,787
Amounts due to customers for contract work	(3,938)	(967)	(16,350)	(28,868)
	5,540	20,573	38,934	25,919

RELATED PARTY TRANSACTIONS

Please refer to the section headed "Related party transactions" in Note 32 of section A of the accountants' report set out in Appendix I to this prospectus.

The Directors are of the view that the related party transactions were conducted at arm's length and on normal commercial terms, and would not distort the Group's results of operations over the Track Record Period or make the Group's historical results over the Track Record Period not reflective of the Group's expectations for the Group's future performance.

PROPERTY INTEREST AND PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has valued the Group's property interest in Unit C, 9/F., Industrial Tong Lei, No. 41 Rua da Alegria, Nos. 16A-16D Avenida do Almirante Lacerda, Macau (the "Tong Lei Property") as of 30 November 2016 and is of the opinion that the aggregate value of the Tong Lei Property as of such date was HK$26,000,000 (equivalent to approximately MOP26,780,000). The full text of the letter and the valuation certificate issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited are set out in Appendix IV to this prospectus.

The following table sets forth the reconciliation of the amount of the Tong Lei Property as reflected in the combined financial information as at 31 July 2016 as set out in Appendix I to this prospectus with the valuation of the Tong Lei Property as at 30 November 2016 as set out in Appendix IV to this prospectus:

	MOP'000
Net book value of the Tong Lei Property as at 31 July 2016:	
– Leasehold land and buildings	3,624
Less: Movements for the four months ended 30 November 2016	
– Depreciation	(27)
Net book value of the Tong Lei Property as at 30 November 2016	3,597
Net valuation surplus	23,183
Valuation as at 30 November 2016	26,780

DIVIDENDS

During the year ended 31 December 2014, a final dividend of MOP10,300,000 was recognised as distribution by Lai Si to the Controlling Shareholders, which was paid in cash.

During the seven months ended 31 July 2016, a dividend of MOP70,000,000 was declared by Lai Si to the Controlling Shareholders, which was settled by offsetting with amount due from a Director.

No dividend was paid or proposed during the year ended 31 December 2013 and 2015 and for the seven months ended 31 July 2015.

The Company currently does not have a dividend policy and may declare dividends by way of cash of other means that the Directors consider appropriate. A decision to declare any dividend in the future would require the approval of the Board and depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant. In addition, any declaration and payment as well as the amount of dividends will also be subject to the Memorandum and Articles of Association and the Companies Law. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors. Currently, the Company does not have any predetermined dividend payout ratio.

INDEBTEDNESS

The following table sets out the Group's indebtedness as at dates indicates:

	As at 31 December			As at 31 July	As at 30 November
	2013	**2014**	**2015**	**2016**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)
Current liabilities:					
Bank and other borrowings	8,229	20,421	46,965	28,271	100,808
Bank overdrafts	244	2,107	–	6,707	2,706
Amounts due to related parties – unsecured and unguaranteed	1,325	221	246	–	–
Amounts due to Directors – unsecured and unguaranteed	–	272	667	667	667
	9,798	23,021	47,878	35,645	104,181
Non-current liability:					
Other borrowing	86	43	–	–	–

Bank and other borrowings of the Group

	As at 31 December			As at 31 July	As at 30 November
	2013	**2014**	**2015**	**2016**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)
Variable-rate bank borrowings *(note a)*	8,186	20,378	46,922	28,250	100,787
Other borrowing – unsecured and unguaranteed *(note b)*	129	86	43	21	21
	8,315	20,464	46,965	28,271	100,808

	As at 31 December 2013 MOP'000	As at 31 December 2014 MOP'000	As at 31 December 2015 MOP'000	As at 31 July 2016 MOP'000	As at 30 November 2016 MOP'000 (unaudited)
Carrying amounts repayable *(note c)*:					
On demand or within one year	2,211	2,738	42,367	20,466	38,011
More than one year, but not exceeding two years	781	13,127	753	458	3,888
More than two years, but not more than five years	2,261	2,353	2,448	1,456	12,199
More than five years	3,062	2,246	1,397	5,891	46,710
	8,315	20,464	46,965	28,271	100,808
Less: Amounts shown under current liabilities	(8,229)	(20,421)	(46,965)	(28,271)	(100,808)
Amounts shown under non-current liabilities	86	43	–	–	–

notes:

(a) All bank borrowings contain a repayment on demand clause and are shown under current liabilities.

(b) The amount represents the interest-free loan from Macau Government in November 2008. The loan is repayable half-yearly by 14 instalments and the final instalment will be repayable in December 2016.

(c) The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The variable rate bank borrowings amounting to MOP6,686,000, MOP6,018,000, MOP5,322,000, nil and nil as at 31 December 2013, 2014 and 2015, 31 July 2016 and 30 November 2016, respectively, carry interest at prevailing best lending rates quoted by the banks in Macau (the "**Prime Rate**") less 1.5% or 2.0% per annum. The variable rate bank borrowings amounting to MOP1,500,000, MOP14,360,000, MOP41,600,000, MOP20,000,000 and MOP28,000,000 as at 31 December 2013, 2014 and 2015, 31 July 2016 and 30 November 2016, respectively, carry interests at the Prime Rate plus or minus from 0.25% to 0.75% per annum. The variable rate bank borrowing amounting to MOP8,250,000 and MOP18,357,000 as at 31 July 2016 and 30 November 2016 carries interests at three months Hong Kong Interbank Offered Rate ("HIBOR") plus 2.3% per annum. The remaining variable rate bank borrowing amounting to MOP54,430,000 as at 30 November 2016 carries interests at the Prime Rate less 2.25% or 2.65%. The ranges of effective interest rates on the borrowings as at 31 December 2013, 2014 and 2015, 31 July 2016 and 30 November 2016 (which are also equal to contracted interest rate) range from 4% to 6.75%, 4% to 5.5%, 4% to 5.5%, 4% to 5.5% and 2.6% to 5.5% per annum, respectively.

As at 31 December 2013, 2014 and 2015, 31 July 2016 and 30 November 2016, the Group's bank borrowings amounted to approximately MOP6,686,000, MOP8,018,000, MOP25,322,000, MOP25,250,000 and MOP88,787,000, respectively, were secured and guaranteed by (i) legal charge over an office building held by the Group; (ii) certain properties owned by Mr. Stanley Lai; and (iii) promissory notes endorsed by Lai Si and Well Team which were guaranteed by Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai.

As at 31 December 2013, 2014 and 2015, 31 July 2016 and 30 November 2016, the Group's bank borrowings amounted to approximately MOP1,500,000, MOP12,360,000, MOP21,600,000, MOP3,000,000 and MOP12,000,000, respectively, were unsecured and guaranteed by promissory notes endorsed by Lai Si which were guaranteed by Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai.

As at 31 December 2013, 2014 and 31 July 2016, the Group's bank overdrafts amounted to approximately MOP244,000, MOP2,107,000 and MOP2,642,000, respectively, were secured and guaranteed by certain properties owned by Mr. Stanley Lai and promissory notes endorsed by Lai Si which were guaranteed by the Directors, Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai. As at 31 July 2016 and 30 November 2016, the Group's bank overdrafts amounted to approximately MOP4,065,000 and MOP2,706,000, respectively, were unsecured and guaranteed by promissory notes endorsed by Lai Si which were guaranteed by Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai.

Personal guarantees executed by the Directors will be fully released, discharged or replaced by the corporate guarantee or other securities provided by the Group upon Listing.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans. The Directors considered it is unlikely that the banks will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. During the Track Record Period, the Directors confirmed none of the covenants relating to drawn down facilities had been breached.

PLEDGE OF ASSETS

At the end of each reporting period, the following assets of the Group were pledged to secure the bank borrowings, bank overdraft and credit facilities granted to the Group:

	At 31 December			At 31 July	At 30 November
	2013	**2014**	**2015**	**2016**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Leasehold land and buildings included in property, plant and equipment	3,832	3,750	3,668	3,624	75,509
Pledged bank deposits *(Note)*	39	648	1,051	1,051	1,771
	3,871	4,398	4,719	4,675	77,280

Note: Pledged bank deposits related to sales proceeds received from certain fitting-out works projects which were pledged to secure the Group's banking facilities.

PERFORMANCE BONDS

For some of the project contracts, the Group is required to provide a performance bond generally equivalent to approximately 10% of the total contract sum issued by banks or insurance companies in favour of the customer as security for the due performance and observance of the Group's obligations under the relevant project. However, not all of the Group's customers have such requirement. Therefore, the Directors consider that the amount of performance bonds issued during a particular year/period cannot be served as an indication of the Group's business performance or growth during that year/period.

As at 31 December 2013, 2014 and 2015, 31 July 2016 and 30 November 2016, the Group has issued secured and guaranteed performance bonds in respect of fitting-out, alteration and addition works and construction works contracts through a bank amounting to approximately MOP779,000, MOP21,329,000, MOP22,285,000, MOP22,063,000, MOP25,663,000, respectively.

The following table sets forth the details of the performance bonds issued by the Group during the Track Record Period:

Location of project	Category	Awarded contract sum *(Note)*	Amount of performance bonds issued for the year ended 31 December 2013 *MOP'000*	2014 *MOP'000*	2015 *MOP'000*	the seven months ended 31 July 2016 *MOP'000*	the eleven months ended 30 November 2016 *MOP'000*
Projects awarded to the Group							
A shipyard located in Macau Peninsula, Macau	Construction – General construction	MOP1.9 million	194	194	194	194	194
Travessa da Paixão in Macau Peninsula, Macau	Construction – Heritage	MOP502,000	–	50	50	50	50
Fence located on the sides of Avenida de Almeida Ribeiro in Macau Peninsula, Macau	Construction – General construction	MOP487,260	–	24	24	24	24
A building located in Macau Peninsula, Macau	Construction – General construction	MOP90,000	–	9	9	9	9

Location of project	Category	Awarded contract sum (Note)	Amount of performance bonds issued for the year ended 31 December 2013 MOP'000	2014 MOP'000	2015 MOP'000	the seven months ended 31 July 2016 MOP'000	the eleven months ended 30 November 2016 MOP'000
The podium of a hotel located in Cotai, Macau	Fitting-out – Hotel and casino	MOP168.1 million	–	16,811	16,811	16,811	16,811
Spa and gym facilities in a hotel located in Cotai, Macau	Fitting-out – Hotel and casino	MOP29.6 million	–	2,961	2,961	2,961	2,961
A warehouse located in Macau Peninsula, Macau	Fitting-out – Others	MOP157,280	–	–	16	16	16
A cigar lounge in a hotel located in Cotai, Macau	Fitting-out – Hotel and casino	HK$19.4 million (equivalent to approximately MOP20.0 million)	–	–	1,998	1,998	1,998
Spa and gym facilities in a hotel located in Cotai, Macau	Fitting-out – Hotel and casino	MOP42.3 million	–	–	–	–	1,487

Location of project	Category	Awarded contract sum (Note)	Amount of performance bonds issued for the year ended 31 December 2013 MOP'000	2014 MOP'000	2015 MOP'000	the seven months ended 31 July 2016 MOP'000	the eleven months ended 30 November 2016 MOP'000
VIP and junket lobby in a hotel located in Cotai, Macau	Fitting-out – Hotel and casino	MOP29.7 million	–	–	–	–	2,113
Sub-total			194	20,049	22,063	22,063	25,663
Performance bonds issued during tendering stage for projects did not awarded to the Group			585	1,280	222	–	–
Total			779	21,329	22,285	22,063	25,663

Note: The awarded contract sum does not take into account any variation orders issued by the customers and is only based on the initial engagement agreement entered into or quotation agreed upon between the Group and its customers.

The bonds are secured and guaranteed by (i) pledged bank deposits held by the Group; (ii) promissory notes endorsed by Lai Si which were guaranteed by Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai; and (iii) certain properties owned by Mr. Stanley Lai. The personal guarantees executed by the Directors will be fully released, discharged or replaced by the corporate guarantee or other securities provided by the Group upon Listing.

CONTINGENT LIABILITIES

In October 2012, one of the supporting pillars of the residential building called "Sin Fong Garden Building" collapsed due to the loss of stability. Such collapse was accused to be caused by the dismantlement and construction of the foundation work undertaken in an adjacent new residential building project, of which Lai Si was one of the contractors. As a result, in September 2015, several flat owners of Sin Fong Garden Building filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the loss of property, in a total sum of approximately HK$48,950,000, to be borne jointly by the defendants. However, according to the report issued by the team of technical advisors and experts engaged by the Macau Government to study the causes of the incident, the collapse of Sin Fong Garden Building was caused by the substandard supporting pillars of Sin Fong Garden Building, instead of the dismantlement and foundation work undertaken in the adjacent new residential building.

In October 2015, the Macau Government has further filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the costs incurred by the Macau Government for: i. measures it had taken to prevent Sin Fong Garden Building from being collapsed; ii. ensuring the safety of citizens and adjacent buildings; and iii. the technical advisors and experts it had hired to study the causes of the incident, in a total sum of approximately MOP12,806,000, to be borne jointly by the defendants.

Up to the date of this prospectus, the proceedings are still awaiting to be scheduled for the trial hearings. After consulting with the Macau Legal Advisers, the Directors are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and hence no provision is made to the financial information. The Controlling Shareholders have undertaken to indemnify the Group against all losses and liabilities arising from the above proceedings.

Save as disclosed above, the Group did not have, as at 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, hire purchase commitments, guarantees or other contingent liabilities. The Directors confirmed that (i) there has not been any material change in the Group's indebtedness and contingent liabilities since 30 November 2016 and up to the Latest Practicable Date; (ii) the bank loans and bank facilities are subject to the standard banking conditions and covenants; (iii) the Group has complied with all of the covenants under the Group's bank borrowings during the Track Record Period; (iv) the Group has not received any notice from the bank indicating that it might withdraw or downsize the bank loans and bank facility; and (v) the Group does not have any material external debt financing plans as at the Latest Practicable Date.

NO MATERIAL CHANGE IN INDEBTEDNESS AND CONTINGENT LIABILITIES

The Directors confirm that (i) there has not been any material change in the Group's indebtedness and contingent liabilities since 30 November 2016 and up to the Latest Practicable Date; (ii) the Directors are not aware of any material defaults in payment of the Group's trade and non-trade payables and bank borrowings during the Track Record Period and up to the Latest Practicable Date; (iii) the bank loans and bank facility is subject to standard banking conditions; and (iv) the Group has not received any notice from banks indicating that they might withdraw or downsize the bank loans or bank facilities and none of the Group's bank borrowings and facilities are subject to the fulfillment of covenants relating to financial ratio requirements or any other material covenants which would adversely affect the Group's ability to undertake additional debt or equity financings. Save as disclosed in the sub-section headed "Indebtedness" in this section, the Group did not have, at the close 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, hire purchase commitments, guarantees or other material contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, the Group did not have any material off-balance sheet arrangements or commitments save as disclosed in sub-section headed "Subsequent events" in this section.

DISTRIBUTABLE RESERVES

As at 31 July 2016, the Company did not have any distributable reserve available for distribution to Shareholders.

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of the Group during the Track Record Period:

		Year ended 31 December			Seven months ended 31 July
	Note	**2013**	**2014**	**2015**	**2016**
Return on total assets	*1*	23.1%	37.8%	19.0%	7.2%
Return on equity	*2*	42.5%	65.5%	38.5%	25.2%
Net profit margin	*3*	25.1%	36.8%	18.7%	9.7%
Interest coverage	*4*	53.7 times	69.0 times	27.4 times	14.5 times

		As at 31 December			As at 31 July
		2013	**2014**	**2015**	**2016**
Current ratio	*5*	1.6	1.8	1.9	1.4
Quick ratio	*6*	1.6	1.8	1.9	1.4
Gearing ratio	*7*	0.3	0.3	0.4	0.7
Net debt to equity ratio	*8*	0.2	0.3	0.4	0.5

Notes:

1. Return on total assets is calculated by dividing profit and comprehensive income for the respective year/period with total assets as at the end of the respective year/period multiplied by 100%.

2. Return on equity is calculated by dividing profit and comprehensive income for the respective year/period with total equity as at the end of the respective year/period multiplied by 100%.

3. Net profit margin is calculated by dividing profit and total comprehensive income with revenue for the respective year/period multiplied by 100%.

4. Interest coverage is calculated by dividing profit before interest and tax with interest expenses for the respective year/period.

5. Current ratio is calculated by dividing total current assets with total current liabilities as at the end of the respective year/period.

6. Quick ratio is calculated by dividing total current assets minus inventories with total current liabilities as at the end of the respective year/period.

7. Gearing ratio is calculated by dividing total debts which include payables incurred not in the ordinary course of business with total equity as at the end of the respective year/period.

8. Debt to equity ratio is calculated by dividing total debts minus bank balances and cash and pledged bank deposits with total equity as at the end of the respective year/period.

Return on total assets

The Group recorded return on total assets of approximately 23.1%, 37.8% and 19.0% for the years ended 31 December 2013, 2014 and 2015, respectively, such fluctuation mainly represented the Group's increase of profit for the year in 2014 while the profit for the year decreased in 2015 and partly offset by the expanded asset base during each of three years. For the seven months ended 31 July 2016, the Group recorded return on total assets of approximately 7.2% primarily reflecting less profit recorded for such period and the Directors consider that the seven months period financial results were not comparable to that of the full year.

Return on equity

The Group recorded return on equity of approximately 42.5%, 65.5% and 38.5% for the years ended 31 December 2013, 2014 and 2015, respectively, such fluctuation mainly represented the Group's increase of profit for the year in 2014 while the profit for the year decreased in 2015 and partly offset by the expanded equity base during each of three years. For the seven months ended 31 July 2016, the Group recorded return on equity of approximately 25.2% primarily reflecting less profit recorded for such period and the Directors consider that the seven months period financial results were not comparable to that of the full year.

Net profit margin

The Group recorded net profit margin of approximately 25.1%, 36.8%, 18.7% and 9.7% for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, respectively. If the Listing expenses of approximately MOP7.1 million were excluded, net profit margin of the Group would have been approximately 15.2% for the seven months ended 31 July 2016.

Interest coverage

The interest coverage of the Group was approximately 53.7 times, 69.0 times, 27.4 times and 14.5 times for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, respectively, which was in line with the fluctuation of profit for the corresponding years/period.

Current ratio and quick ratio

Since the Group did not held any inventory, quick ratio of the Group was the same as current ratio.

The Group recorded both current ratio and quick ratio of approximately 1.6, 1.8, 1.9 and 1.4 for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, respectively, representing net current asset position for each of the respective years/period. Current ratio and quick ratio of the Group decreased to approximately 1.4 for the seven months ended 31 July 2016 mainly arising from the dividend of MOP70.0 million declared and settled during the seven months ended 31 July 2016, thus current assets decreased significantly as at 31 July 2016.

Gearing ratio and net debt to equity ratio

The Group recorded gearing ratio of approximately 0.3, 0.3, 0.4 and 0.7 for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, respectively, and recorded net debt to equity ratio of approximately 0.2, 0.3, 0.4 and 0.5 for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, such increase primarily reflected the increased external banking financing activities for the three years ended 31 December 2015. For the seven months ended 31 July 2016, the gearing ratio and the net debt to equity ratio increased to approximately 0.7 and 0.5, respectively. The increase was due to the decrease in equity as a result of the dividend of approximately MOP70.0 million declared during the seven months ended 31 July 2016 and partly offset by the decrease in bank and other borrowings.

OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of staff quarters, carparks and warehouses which fall due as follows:

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Within one year	151	221	409	64
In the second to fifth year inclusive	13	311	104	–
	164	532	513	64

Leases are negotiated for lease terms ranging from one to three years and rentals are fixed throughout the lease period.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the Shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, legal reserve and accumulated profits.

The Directors review the capital structure on a continuous 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. Based on recommendations of the Directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

Categories of financial instruments

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	50,426	86,797	150,348	96,547
Financial liabilities				
Amortised cost	17,651	30,946	70,605	64,075

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amount(s) due from related parties/Directors, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties/Directors, bank overdrafts and bank and other borrowings. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through purchase of raw materials and sales proceeds received from customers that are denominated in a currency other than the Group entities' functional currency. The currencies giving rise to this risk are primarily HK$ and RMB. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets				Liabilities			
	At 31 December			At 31 July	At 31 December			At 31 July
	2013	2014	2015	2016	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
HK$ against MOP	11,447	6,805	31,847	11,326	133	13,790	24,305	3,783
RMB against MOP	9,706	17,349	19,506	–	1,834	1,556	2,126	4,680

Sensitivity analysis

As the exchange rate of HK$/MOP is relatively stable, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the HK$/MOP exchange rates. As a result, the Directors consider that the sensitivity of the Group's exposure towards the change in foreign exchange rates between HK$/MOP is minimal.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against MOP. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the change taking place at the beginning of the year/period and held constant throughout the year/period.

A negative number below indicates a decrease in post-tax profit for the current year/period where a 5% weakening of RMB against MOP. For a 5% strengthening of RMB against MOP, there would be an equal and opposite impact on the post-tax profit for the year/period as set out below:

	Decrease/increase in post-tax profit			
	For the year ended 31 December			Seven months ended 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
RMB against MOP	(346)	(695)	(765)	206

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the Track Record Period.

Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances, bank overdraft and bank borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of accountants' report set out in Appendix I to this prospectus.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR and interest rates on the Prime Rate arising from the Group's bank borrowings and bank overdrafts.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank overdrafts and bank borrowings, the analysis is prepared assuming bank overdrafts and bank borrowings outstanding at the end of the reporting period were outstanding for the whole year/period.

A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates on variable rate bank overdrafts and bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for each of the three years ended 31 December 2013, 2014 and 2015 and the seven months ended 31 July 2016 would decrease/increase by approximately MOP38,000, MOP99,000, MOP207,000 and MOP90,000, respectively.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable and other receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The management closely monitors the subsequent settlement of the counterparties. In this regard, the Directors consider that the credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 December 2013, 2014 and 2015 and 31 July 2016 on trade and retention receivables from the Group's five major customers amounting to approximately MOP1,421,000, MOP1,811,000, MOP21,133,000 and MOP22,441,000, respectively and accounted for approximately 9%, 24%, 53% and 49%, respectively, of the Group's total trade and retention receivables. The major customers of the Group are certain reputable organisations. The management of the Group considers that the credit risk is limited in this regard. Other than concentration of credit risk on trade and retention receivables, the Group has concentration of credit risk on amount due from related parties and directors. Amounts due from related parties amounted to approximately MOP21,921,000, MOP24,637,000, MOP28,955,000 and nil as at 31 December 2013, 2014 and 2015 and 31 July 2016, respectively and amounts due from Directors amounted to approximately MOP11,239,000, MOP51,584,000, MOP78,741,000 and MOP41,308,000 as at 31 December 2013, 2014 and 2015 and 31 July 2016, respectively.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

The Group relies on bank borrowings as a significant source of liquidity. The Group has available unutilised banking facilities of approximately MOP3,173,000, MOP50,146,000, MOP44,402,000 and MOP51,093,000, respectively, as at 31 December 2013, 2014 and 2015 and 31 July 2016, of which nil, MOP6,951,000, MOP4,937,000 and MOP10,000,000, respectively, can only be utilised by issuance of performance bonds by the bank in relation to fitting-out works projects.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from contracted interest rate curve at the end of each reporting period.

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Total carrying amount
	%	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
31 December 2013						
Non-derivative financial liabilities						
Trade and other payables	–	7,767	–	–	7,767	7,767
Amounts due to related parties	–	1,325	–	–	1,325	1,325
Bank overdraft	4.75	244	–	–	244	244
Interest-free other borrowing	–	–	43	86	129	129
Variable rate bank borrowings *(note)*	4.48	8,186	–	–	8,186	8,186
		17,522	43	86	17,651	17,651
31 December 2014						
Non-derivative financial liabilities						
Trade and other payables	–	7,882	–	–	7,882	7,882
Amounts due to related parties	–	221	–	–	221	221
Amounts due to Directors	–	272	–	–	272	272
Bank overdraft	4.75	2,107	–	–	2,107	2,107
Interest-free other borrowing	–	–	43	43	86	86
Variable rate bank borrowings *(note)*	5.18	20,378	–	–	20,378	20,378
		30,860	43	43	30,946	30,946

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Total carrying amount
	%	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
31 December 2015						
Non-derivative financial liabilities						
Trade and other payables	–	22,727	–	–	22,727	22,727
Amounts due to related parties	–	246	–	–	246	246
Amounts due to Directors	–	667	–	–	667	667
Interest-free other borrowing	–	–	43	–	43	43
Variable rate bank borrowings *(note)*	4.90	46,922	–	–	46,922	46,922
		70,562	43	–	70,605	70,605
31 July 2016						
Non-derivative financial liabilities						
Trade and other payables	–	28,430	–	–	28,430	28,430
Amounts due to Directors	–	667	–	–	667	667
Bank overdraft	6.41	6,707	–	–	6,707	6,707
Interest-free other borrowing	–	–	21	–	21	21
Variable rate bank borrowings *(note)*	4.77	28,250	–	–	28,250	28,250
		64,054	21	–	64,075	64,075

note: Bank borrowings with a repayment on demand clause are included in the 'On demand or less than 3 month' time band in the above maturity analysis. As at 31 December 2013, 2014 and 2015 and 31 July 2016, the aggregate carrying amounts of these bank borrowings amounted to MOP8,186,000, MOP20,378,000, MOP46,922,000 and MOP28,250,000, respectively. Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows (estimated based on the interest rate at the end of the reporting period) are set out below.

	Weighted average interest rate	On demand or less than 1 month	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Variable rate bank borrowings								
31 December 2013	4.48	55	1,622	520	3,089	3,200	8,486	8,186
31 December 2014	5.18	57	115	2,609	16,132	2,347	21,260	20,378
31 December 2015	4.90	13,106	8,178	21,860	3,345	1,460	47,949	46,922
31 July 2016	4.77	36	17,205	3,455	2,005	6,172	28,873	28,250

Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial information approximate their fair values due to the short-term maturities of these assets and liabilities.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company is prepared on the basis of the notes set forth below, for the purpose of illustrating the effect of the Share Offer as if it had taken place on 31 July 2016. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group after the Share Offer or at any future dates.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 July 2016 *MOP'000$^{(1)}$*	**Estimated net proceeds from the Share Offer** *MOP'000$^{(2)}$*	**Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company** *MOP'000*	**Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share** *MOP$^{(3)\&(4)}$*
Based on an Offer Price of HK$1.15 per Share	49,981	99,541	149,522	0.37

Notes:

(1) The audited combined net tangible assets of the Group as at 31 July 2016 has been 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 100,000,000 new Shares to be issued under the Share Offer and the Offer Price of HK$1.15 per Share, after deduction of the estimated underwriting fees and related expenses expected to be incurred by the Group subsequent to 31 July 2016 and does not take into account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix VI to this prospectus. For the purpose of calculating the estimated net proceeds from the Share Offer, the translation of HK$ into MOP was made at the rate of HK$1.00 to MOP1.03.

(3) The unaudited pro forma adjusted combined net tangible assets of the Group per Share is calculated based on 400,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue assumed to be on 31 July 2016 but takes no account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme 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 referred to in Appendix VI to this prospectus.

(4) By comparing the valuation of the Unit C, 9/F., Industrial Tong Lei, No. 41 Rua da Alegua, Nos. 16A-16D Avenida do Almirante Lacorda, Macau (the "**Tong Lei Building**") in the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 27 January 2017, the net valuation surplus is approximately MOP23,183,000 as compared to the carrying amounts of the Tong Lei Building as at 30 November 2016, which has not been included in the above combined net tangible assets of the Group. The valuation surplus of the Tong Lei Building will not be incorporated in the Group's financial statements in the future. If the valuation surplus were to be included in the combined financial statements, an additional annual depreciation charge of approximately MOP522,000 would be incurred.

LISTING EXPENSES

The Directors estimate that the total amount of expenses in relation to the Listing is approximately HK$25.2 million (equivalent to approximately MOP26.0 million). Of such amount, approximately HK$8.7 million (equivalent to approximately MOP8.9 million) is directly attributable to the issue of the Share Offer and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately HK$16.5 million (equivalent to approximately MOP17.1 million), which cannot be so deducted, will be charged to profit or loss. Approximately HK$6.9 million (equivalent to approximately MOP7.1 million) has been charged during the Track Record Period and approximately HK$6.8 million (equivalent to approximately MOP7.0 million) is expected to be incurred for the five months ended 31 December 2016. The remaining amount of approximately HK$2.8 million (equivalent to approximately MOP3.0 million) is expected to be incurred for the year ending 31 December 2017. Expenses in relation to the Listing are non-recurring in nature. The Board wishes to inform the Shareholders and potential investors that the Group's financial performance and results of operations for the year ended 31 December 2016 and the year ending 31 December 2017 will be affected by the estimated expenses in relation to the Listing.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2016

Estimated unaudited combined profit attributable to owners of the Company *(Note 1)*	not less than MOP30.0 million
Unaudited pro forma estimated earnings per Share *(Note 2)*	not less than MOP7.5 cents

Notes:

(1) The bases on which the above profit estimate for the year ended 31 December 2016 has been prepared are summarised in Appendix III to this prospectus. The Directors have prepared the estimated combined profit attributable to owners of the Company for the year ended 31 December 2016 based on the audited combined results for the seven months ended 31 July 2016, the unaudited combined results based on management accounts of the Group for four months ended 30 November 2016 and an estimate of the combined results of the Group for the remaining one month ended 31 December 2016.

(2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated combined results for the year ended 31 December 2016 attributable to owners of the Company, assuming that a total of 400,000,000 Shares had been in issued during the entire year. The calculation of the estimated earnings per Share does not take into account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme 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 referred to in Appendix VI to this prospectus.

NO MATERIAL ADVERSE CHANGE

Save as the Listing expenses, the Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of the Group since 31 July 2016 (being the date to which the latest audited combined financial statements of the Group were prepared), and there is no event since 31 July 2016 which would materially affect the information shown in the accountants' report set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors have confirmed that as of the Latest Practicable Date, there were no circumstances which, had they been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

SUBSEQUENT EVENTS

Subsequent to the Track Record Period, the following significant events took place:

(i) On 24 October 2016, the Group acquired a property for own use at a cash consideration of HK$67,000,000 (equivalent to approximately MOP69,010,000).

(ii) On 23 January 2017, the Reorganisation as detailed in the section headed "History, Reorganisation and corporate structure" in this prospectus was duly completed.

(iii) In September 2016, the Group obtained a banking facility of mortgage loan and term loan of approximately MOP48,471,000 and MOP6,188,000, respectively.

(iv) On 18 January 2017, written resolutions of the sole Shareholder of the Company were passed to approve the followings:

(a) the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$10,000,000 divided into 1,000,000,000 shares by the creation of an additional 962,000,000 shares of HK$0.01 each;

(b) subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 299,950,000 Shares, credited as fully paid at par, to the sole Shareholder by way of capitalisation of a sum of HK$2,999,500 standing to the credit of the share premium account of the Company; and

(c) the share option scheme of the Company was conditionally adopted on 18 January 2017 and the principal terms of which are set out in Appendix VI to this prospectus.

BUSINESS OBJECTIVES AND STRATEGIES

The section headed "Business – Business strategies" in this prospectus sets out a detailed description of the Group's business objectives and strategies.

USE OF PROCEEDS

The Group estimates that the aggregate net proceeds to the Company from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and an Offer Price of HK$1.15 will be approximately HK$89.8 million (equivalent to approximately MOP92.5 million). The Directors presently intend to apply such net proceeds as follows:

- approximately HK$49.4 million (equivalent to approximately MOP50.9 million) or approximately 55.0% of the net proceeds to finance the Group's fitting-out projects in Macau, which include payment of labour costs and start-up costs for new projects such as purchase of performance bonds, prepayment of material costs and subcontracting fees. Subsequent to the Track Record Period and up to 30 November 2016, the Group has been awarded with 8 new fitting-out projects with an aggregate awarded contract sum of approximately MOP36.2 million;

- approximately HK$17.9 million (equivalent to approximately MOP18.4 million) or approximately 20.0% of the net proceeds to finance the Group's construction projects in Macau, which include payment of labour costs and start-up costs for new projects such as purchase of performance bonds, prepayment of material costs and subcontracting fees. Subsequent to the Track Record Period and up to 30 November 2016, the Group has been awarded with 1 new construction project with an awarded contract sum of approximately MOP25.0 million;

- approximately HK$9.0 million (equivalent to approximately MOP9.3 million) or approximately 10.0% of the net proceeds to finance the start-up costs of the Group's fitting-out business in Hong Kong, including rental payments for office, renovation costs, operating expenses, costs for recruiting new staff and miscellaneous costs such as marketing and transportation expenses;

- approximately HK$4.5 million (equivalent to approximately MOP4.6 million) or approximately 5.0% of the net proceeds to hire additional staff for the Group's business operations; and

- approximately HK$9.0 million (equivalent to approximately MOP9.3 million) or approximately 10.0% of the net proceeds to be general working capital of the Group.

To the extent that the net proceeds of the Share Offer are not immediately applied for the above purposes, it is the present intention of the Directors that such net proceeds will be placed on short-term deposits with financial institutions in Hong Kong.

The Group will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as described above.

REASONS FOR AND BENEFITS OF THE LISTING

1. The business operations of the Group are labour intensive and the Group's projects normally incur net cash outflows of approximately 15% to 20% of the contract sum, as advised by the Directors, at the early stage of carrying out its works when the Group is required to pay the setting up expenditure such as prepayment of subcontracting fees, material costs as well as performance bonds, prior to payment received from its customers. As detailed in the section headed "Business – Business strategies" in this prospectus, the Group intends to strengthen the Group's financial capabilities to undertake more new and larger scale fitting-out projects and construction projects. The Directors believe that the capital raise through the Listing would strengthen the Group's cashflow position which in turn will enable the Group to undertake more potential new projects and/or projects in larger scale in terms of contract sum that the Directors estimate to obtain to capture the growth in market size of fitting-out market and construction market in Macau;

2. As the majority of new businesses are obtained through tender invitation by customers, keeping strong relationship with the customers is critical to maintain the competitiveness of the Group. In addition, the Directors believe that the success of the Group is the ability to provide quality services to its customers in order to maintain the Group's competitiveness and further enhance the control on the quality of services provided, the Directors believe that that the capital raised through the Listing would enable the Group to make further expand its in-house team with high caliber so as to explore new business opportunities and provide quality services to the customers in Macau;

3. Given the growth potential in fitting-out market in Hong Kong, the Directors believe that the capital raised through the Listing would enable the Group to gain exposure in the fitting-out industry in Hong Kong to capture potential growth and a public listing status may offer the Company a broader shareholder base and enhance its brand awareness and publicity in Hong Kong;

4. During the Track Record Period, the Group had relied principally on shareholder's equity, cash generated from operations and bank borrowings to finance its business. The Group will be able to maintain a lower gearing ratio by raising equity funds through the Listing to implement its business strategies as detailed in the section headed "Business – Business strategies" in this prospectus. The Listing also provides a platform for the Group to raise further equity capital in the future given (a) the finance costs incurred for the Track Record Period which affects the Group's profitability; and (b) the uncertain interest rate movement going forward which may expose the Group to increasing borrowing costs in the future via debt financing. Further, the Directors believe that the Listing would enable the Group to obtain debt financing with more favourable terms from financial institutions;

5. According to the Frost & Sullivan, the market leader in 2015 in terms of revenue has been listed on the Stock Exchange and this competitor would have better access to funding and financing than the Group. The Directors believe that the Listing will allow the Group to maintain its competitiveness against its market leader and provide an advantage to other competitors in Macau; and

6. The majority of the Group's major customers are listed companies and the Directors believe that some of the customers of the Group may prefer to engage fitting-out or construction contractor which is a listed company with higher corporate profile, creditability, sound internal and corporate governance practice, regulatory supervision and financial transparency.

Based on the reasons as stated above, the Directors are of the view that the Listing would be beneficial to the Group in the long run.

PUBLIC OFFER UNDERWRITERS

Celestial Securities

Hooray Securities

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, the Company is offering the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

The Public Offer Underwriting Agreement is conditional upon and subject to, among others, the Placing Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms.

Subject to, among other conditions, the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed to subscribe or procure subscribers to subscribe for the Public Offer Shares which are not taken up under the Public Offer.

Grounds for termination

The Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) shall have the right upon giving a written notice to the Company to terminate the Public Offer Underwriting Agreement if any of the following events occur prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Friday, 10 February 2017):

(A) if it has come to the notice of the Joint Lead Managers:

(i) any matter or event showing any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of such representations, warranties and undertakings or any other provision of the Public Offer Underwriting Agreement by any party to the Public Offer Underwriting Agreement other than the Sponsor, the Joint Lead Managers and the Public Offer Underwriters which, in any such cases, is considered, in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), to be material in the context of the Public Offer; or

(ii) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted a material omission in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in the context of the Public Offer; or

(iii) any statement contained in this prospectus considered to be material by the Joint Lead Managers in their absolute opinion which is discovered to be or becomes untrue, incorrect or misleading in any respect is considered in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) to be material; or

(iv) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Company, the executive Directors and the Controlling Shareholders pursuant to the indemnities contained in the Share Offer Underwriting Agreement or the Placing Underwriting Agreement; or

(v) any breach by any party to the Public Offer Underwriting Agreement other than the Sponsor, the Joint Lead Managers and the Public Offer Underwriters of any provision of the Public Offer Underwriting Agreement which is considered in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) to be material; or

(vi) any adverse change or a prospective adverse change in the business, results of operation, financial or trading position, or prospects of the Group as a whole the effect of which is, in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), so material and adverse as to make it impracticable or inadvisable to proceed with the Share Offer; or

(vii) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, or if granted, the approval is subsequently withdrawn, qualified or withheld; or

(viii) any person (other than the Joint Lead Managers and the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus as expert or to the issue of this prospectus; or

(B) if there develops, occurs, exists or comes into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:

(i) any new law or regulation or any material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, Macau, the Cayman Islands, the BVI, the PRC or any other jurisdiction relevant to any member of the Group (the "**Relevant Jurisdictions**"); or

(ii) any change (whether or not permanent) in local, national or international stock market conditions; or

(iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange or other major stock exchanges in the United States, the United Kingdom or the PRC due to exceptional financial circumstances or otherwise; or

(iv) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in any of the Relevant Jurisdictions; or

(v) any change or development or event involving a prospective change in the Group's assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or

(vi) any change or development (whether or not permanent), or any event or series of events resulting in any change in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States) in or affecting any of the Relevant Jurisdictions; or

(vii) a general moratorium on commercial banking business activities in any of the Relevant Jurisdictions declared by the relevant authorities; or

(viii) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquake, strike or lock-out; or

(ix) any litigation or claim of any third party being instigated against any member of the Group, the executive Directors and/or the Controlling Shareholders; or

(x) any change or development involving a prospective change, or materialisation of, any of the risks set out in the section headed "Risk factors" in this prospectus; or

(xi) 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 calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(xii) any imposition of economic or other sanctions, in whatever form, directly or indirectly, by or to any of the Relevant Jurisdictions; or

(xiii) a petition is presented for the winding up or liquidation of any member of the Group, or any member of the Group make any compromise or arrangement with its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(xiv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which such member of the Group is liable prior to its stated maturity, or any loss or damage sustained any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xv) any judicial, regulatory or governmental authority or political body or organisation in any of the Relevant Jurisdictions commencing any investigation, action, claim or proceedings, or announcing an intention to investigate or take any action, against any Director; or

(xvi) any Director being charged with an indictable offence or prohibited by the operation of law or otherwise disqualified from taking part in the management of a company; or

(xvii) the chairman or chief executive officer of the Company vacating his office; or

(xviii) any prohibition on the Company for whatever reason from allotting the Offer Shares pursuant to the Share Offer and the terms set out in the Public Offer Underwriting Agreement and this prospectus; or

(xix) other than with the approval of the Joint Lead Managers (for themselves on behalf of the Public Offer Underwriters), the issue or the requirement to issue by the Company of any supplement or amendment to this prospectus (or to any documents used in connection with the Share Offer) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xx) any event which gives rise or would give rise to any liability on the part of the Company and/or the Controlling Shareholders pursuant to the indemnity provisions contained in the Public Offer Underwriting Agreement; or

(xxi) a breach of any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement or of any of the other obligations imposed upon or undertakings given by the Company under the Public Offer Underwriting Agreement,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters):

(a) is or will or in likely to be materially adverse to the business, financial condition or prospects of the Company and/or the Group taken as a whole; or

(b) has or will have or is likely to have a material adverse effect on the success of the Share Offer; or

(c) makes or will make or is likely to make it inappropriate, inadvisable or inexpedient to proceed with the Share Offer.

Undertakings pursuant to the Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL have jointly and severally undertaken to and covenanted with the Company, the Joint Lead Managers and the Public Offer Underwriters that, during the relevant periods specified in Rule 10.07(1) of the Listing Rules, if and when he/she/it pledges or charges any direct or indirect interest in any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (the "**Relevant Securities**") under note 2 to Rule 10.07(2) of the Listing Rules, he/she/it must immediately inform the Company, the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in writing of such pledge and charge, the number of the Relevant Securities so being pledged or charged and other details as required by Rule 13.17 of the Listing Rules and, having pledged or charged any interest in the Relevant Securities, if and when he/she/it becomes aware that the pledgee or chargee thereof has disposed of or intends to dispose of such interest, immediately inform the Company, the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in writing of such disposal or such intention of disposal and the number of the Relevant Securities affected.

The Company has irrevocably and unconditionally undertaken to and covenanted with the Joint Lead Managers and the Public Offer Underwriters, and (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively, (ii) SHKMCL and (iii) the executive Directors have irrevocably and unconditionally undertaken to and covenanted with the Joint Lead Managers and the Public Offer Underwriters to procure that, save with the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed) or save for Shares issued pursuant to the Share Offer, the Capitalisation Issue or the exercise of any option which may be granted under the Share Option Scheme, and in compliance with the Listing Rules and the applicable laws, the Company or any of its subsidiaries will not (a) allot or issue or agree to allot or issue any shares or any other securities in the Company or any of its subsidiaries or grant or agree to grant any option, warrant or other right carrying the right to subscribe for, or otherwise convert into, or exchange for, any shares or any other securities of the Company or any of its subsidiaries during the period commencing on the date by reference to which disclosure of the shareholding of (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL are made in this prospectus and ending on the date which is 6 months from the Listing Date (the "**First 6-Month Period**"); (b) issue any share or securities in the Company or grant or agree to grant any option, warrant or other right carrying the right to subscribe for or otherwise convert into or exchange for shares or securities in the Company or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such shares or securities during the period of 6 months commencing on the date immediately following the date on which the First 6-Month Period expires (the "**Second 6-Month Period**") so as to result in (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL ceasing to be a Controlling Shareholder or the Company ceasing to hold a controlling interest of 30% or more in any major subsidiary (which shall have the same meaning as in Rule 13.25(2) of the Listing Rules) of the Group; (c) during the First 6-Month Period purchase any Shares or any other securities of the Company; and (d) offer to or agree to do any of the foregoing or announce any intention to do so, other than the Shares which may fall to be issued pursuant to the grant or the exercise of any options under the Share Option Scheme or any consolidation, sub-division or capital reduction of the Shares or by way of scrip dividend schemes or other similar schemes in accordance with the Articles of Association and the Listing Rules or otherwise approved by the Stock Exchange.

Placing

Placing Underwriting Agreement

In connection with the Placing, the Controlling Shareholders, executive Directors and the Company expect to enter into the Placing Underwriting Agreement with the Joint Lead Managers and the Placing Underwriters, on the terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below. Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to procure subscribers to subscribe for, or failing which they shall subscribe for, 90,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, (i) the Company, (ii) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (iii) SHKMCL will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the sub-section headed "Underwriting arrangements and expenses – Public Offer – Undertakings pursuant to the Public Offer Underwriting Agreement" in this section.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.07(1) of the Listing Rules, (i) Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai collectively and (ii) SHKMCL have jointly and severally undertaken to and covenanted with the Stock Exchange, the Company, the Joint Lead Managers and the Underwriters that save as provided in the notes to Rule 10.07 of the Listing Rules, he/she/it shall not and shall procure that the relevant registered holder(s) of the Shares shall not:

(a) in the First 6-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Relevant Securities; and

(b) in the Second 6-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder.

The restrictions in (a) shall not apply to any Shares which the Controlling Shareholders or any of his/her/its close associates may acquire or become interested in following the Listing Date.

Notwithstanding the above, nothing shall prevent the disposal of any interest of the Controlling Shareholders in the Relevant Securities (i) pursuant to a pledge or charge in favour of an Authorised Institution as security for a bona fide commercial loan, (ii) pursuant to a power of sale under the pledge or charge (granted pursuant to sub-paragraph (i)), (iii) on the death of the Controlling Shareholder or (iv) in any other exceptional circumstances to which the Stock Exchange has given its prior approval.

The Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 13.17 of the Listing Rules.

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within the First 6-Month Period (whether or not such issue of Shares or securities will be completed within the First 6-Month Period), except in certain prescribed circumstances which includes the issue of Shares pursuant to the Share Option Scheme.

Commission and expenses

The Underwriters will receive a commission of 3.5% on the aggregate Offer Price of all the Offer Shares, out of which will, as the case may be, be applied to any sub-underwriting commissions and selling concession. On the basis of the Offer Price of HK$1.15 per Offer Share, the underwriting commission will be approximately HK$4.03 million. The underwriting commission, documentation fee, Stock Exchange listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expense relating to the Share Offer are estimated to be approximately HK$25.2 million, which will be borne by the Company.

Underwriters' interests in the Company

Save for its interests and obligations under the Underwriting Agreements and save as disclosed in this prospectus, none of the Underwriters or any of its close associates is interested beneficially or non-beneficially in any shares in any member of the Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares of any member of the Group.

COMPLIANCE ADVISER'S AGREEMENT

Under the Compliance Adviser's Agreement, the Company appoints Messis Capital and Messis Capital agrees to act as the compliance adviser to the Company for the purpose of the Listing Rules for a fee from the Listing Date and ending on the date on which the Company complies with Rule 13.46(1) of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date or until the Compliance Adviser's Agreement is terminated, whichever is earlier.

SPONSOR'S INTEREST IN THE COMPANY

Messis Capital, being the Sponsor, has declared its independence pursuant to Rule 3A.07 of the Listing Rules. Save for the advisory and documentation fees to be paid to Messis Capital as the Sponsor to the Listing, its obligations under the Underwriting Agreements and the Compliance Adviser's Agreement, its acting as compliance adviser and any interests in securities that may be subscribed by it pursuant to the Share Offer, neither Messis Capital nor any of its associates has or may, as a result of the Share Offer, have any interest in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities).

No director or employee of Messis Capital who is involved in providing advice to the Company has or may, as a result of the Share Offer, have any interest in any class of securities of the Company or other company in the Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Share Offer).

No director or employee of Messis Capital has a directorship in the Company or any other company in the Group.

THE SHARE OFFER

This prospectus is published in connection with the Share Offer. Messis Capital is the Sponsor, Celestial Securities is the Sole Bookrunner and Celestial Securities and Hooray Securities are the Joint Lead Managers.

The Share Offer consists of (subject to reallocation):

- the Public Offer of 10,000,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described under the sub-section headed "The Public Offer" in this section; and

- the Placing of 90,000,000 Shares (subject to reallocation as mentioned below) are to be offered to professional, institutional and other investors as described under the sub-section headed "The Placing" in this section.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong.

The Placing will involve selective marketing of the Offer Shares to institutional and professional investors and other investors. The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire.

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to reallocation as described in the sub-section headed "Pricing and allocation" in this section.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be HK$1.15 per Offer Share.

Price payable on application

Applicants under the Public Offer must pay, on application, the Offer Price of HK$1.15 per Public Offer Share plus a 1% brokerage fee, a 0.0027% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK$2,323.18 for one board lot of 2,000 Shares. Each Application Form includes a table showing the exact amount payable on certain numbers of Offer Shares. See the section headed "How to apply for Public Offer Shares" in this prospectus.

Allocation

The Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Lead Managers.

Allocation of the Offer Shares pursuant to the Placing will be determined by the Joint Lead Managers and will be based on a number of factors including the level and timing of demand, 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, and/or hold or sell the Shares after Listing. Such allocation may be made to professional, institutional, corporate and other investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of the Company and the Shareholders as a whole.

Allocation of the 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. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would 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.

Announcement of basis of allocations

The level of indications of interest in the Placing and the basis of allocations of the Public Offer Shares are expected to be announced on Thursday, 9 February 2017 on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.lai-si.com**.

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service, will be made available through a variety of channels as described in the section headed "How to apply for Public Offer Shares – 11. Publication of results" in this prospectus.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

- the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the Shares which may be made available pursuant to the Capitalisation Issue and the Shares which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme);

- the execution and delivery of the Placing Underwriting Agreement; and
- the obligations of the Underwriters under the Placing Underwriting Agreement and the Public Offer Underwriting Agreement having become unconditional and not having been terminated in accordance with their respective terms, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

The consummation of each of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement is conditional upon, among other things, the other 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 cause to be published by the Company on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.lai-si.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for Public Offer Shares – 13. Refund of application monies" in this prospectus. In the meantime, the 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) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Friday, 10 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 – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus has not been exercised.

THE PUBLIC OFFER

Number of Shares initially offered

The Company is initially offering 10,000,000 Shares at the Offer Price, representing 10% of the 100,000,000 Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Public Offer will represent 2.5% of the total issued share capital of the Company immediately after completion of the Share Offer. 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 which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions set out in the sub-section headed "Conditions of the Public Offer" in this section.

Allocation

For allocation purposes only, the Public Offer Shares initially being offered for subscription under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the Placing) will be divided equally into two pools (subject to adjustment of odd lot size). Pool A will comprise 5,000,000 Public Offer Shares and Pool B will comprise 5,000,000 Public Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of HK$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus 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 but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 5,000,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares).

Reallocation

The allocation of the Shares between the Public Offer and the Placing is subject to adjustment. If the number of Shares validly applied for in the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Shares initially available under the Public Offer, the total number of Shares available under the Public Offer will be increased to 30,000,000, 40,000,000 and 50,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Shares initially available under the Share Offer. In such cases, the number of Shares allocated in the Placing will be correspondingly reduced, in such manner as the Joint Lead Managers deem appropriate, and such additional Shares will be allocated to Pool A and Pool B equally.

If the Public Offer Shares are not fully subscribed, the Joint Lead Managers has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Joint Lead Managers deem appropriate. In addition, the Joint Lead Managers may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Lead Managers.

Applications

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Lead Managers so as to allow it to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

THE PLACING

Number of Offer Shares initially offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 90,000,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.5% of the Company's enlarged issue share capital immediately after the completion of the Share Offer, but without taking into account Shares which may be upon exercise of options granted under the Share Option Scheme.

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of the Company by the Placing Underwriters or through selling agents appointed by them. Placing Shares will be selectively placed to certain professional and institutional and other investors anticipated to have a sizeable demand for such Placing Shares. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be 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 Offer Shares, and/or hold or sell the Offer 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, institutional and other shareholder base to the benefit of the Company and the Shareholders as a whole.

The Joint Lead Managers 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 Joint Lead Managers so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

DEALING ARRANGEMENTS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 10 February 2017, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 10 February 2017. The Shares will be traded in board lots of 2,000 Shares.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Lead Managers, 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**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company, the Joint Lead Managers and the Sponsor may accept it at their discretion and on any conditions they think 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** 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 the Company and/or any its subsidiaries;
- a director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Share Offer; or
- have been allocated or have applied for any Offer Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 27 January 2017 until 12:00 noon on Friday, 3 February 2017 from:

(i) any of the following offices of the Joint Lead Managers:

(a) Celestial Securities Limited at 9th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong; and

(b) Hooray Securities Limited at 1/F, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong

(ii) any of the following branches of Bank of China (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Gilman Street Branch	136 Des Voeux Road Central
Kowloon	Ma Tau Kok Road Branch	39-45, Ma Tau Kok Road, To Kwa Wan
New Territories	Tseung Kwan O Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O
	Sheung Shui Branch Securities Services Centre	136 San Fung Avenue, Sheung Shui
	Fo Tan Branch	No 2, 1/F Shatin Galleria, 18-24 Shan Mei Street, Fo Tan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 27 January 2017 until 12:00 noon on Friday, 3 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.

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–LAI SI ENTERPRISE 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.	–	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 12:00 noon	–	Friday, 3 February 2017

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 3 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.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form**, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Lead Managers (or their agents or nominees), as agents of the 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 (Winding Up and Miscellaneous Provisions) Ordinance, the Companies 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;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to the Company, the Group's Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, 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 the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers 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;

(xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and the 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 are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) (if you apply using a **YELLOW** Application Form) agree that the Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS investor participant stock account or the stock account of your designated CCASS participant;

(xvii) 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;

(xviii) understand that the Company and the Joint Lead Managers 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;

(xix) (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 through the **HK eIPO White Form** by you or by any one as your agent or by any other person; and

(xx) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM

General

Individuals who meet the criteria in the sub-section headed "2. Who can apply" in this section, may apply through the **HK eIPO White Form** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the 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**.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application through the **HK eIPO White Form** at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 27 January 2017 until 11:30 a.m. on Friday, 3 February 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 3 February 2017 or such later time under the sub-section headed "10. Effects of bad weather on the opening of the application lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** 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 instructions** 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** 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, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 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 Center
1/F., One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Lead Managers and the Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Public Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
- if the electronic application instructions are given for your benefit, declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise the Company to place HKSCC Nominees' name on the 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 the Company and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Lead Managers, 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 the Company, the Group's Hong Kong Branch Share Registrar, receiving bank, the Joint Lead Managers, the Underwriters and/or its 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 the Company and to become binding when you give the instructions and such collateral contract to be in consideration of the 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 the Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies 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 the 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 Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the final Offer Price is less than HK$1.15 per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

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 2,000 Public Offer Shares. Instructions for more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

9:00 a.m. to 8:30 p.m.[1]	–	Friday, 27 January 2017
8:00 a.m. to 8:30 p.m.[1]	–	Wednesday, 1 February 2017
8:00 a.m. to 8:30 p.m.[1]	–	Thursday, 2 February 2017
8:00 a.m.[1] to 12:00 noon	–	Friday, 3 February 2017

Note:

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 27 January 2017 until 12:00 noon on Friday, 3 February 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 3 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.

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, the 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 headed "Personal data" in the Application Form applies to any personal data held by the Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** 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. The Company, the Directors, the Joint Lead Managers, the Sponsor and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit **a WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 3 February 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form**, 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.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** in respect of a minimum of 2,000 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and conditions of the Share Offer" 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 Friday, 3 February 2017. Instead they will open between 11:45 a.m. a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 3 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

The Company expects to announce the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 9 February 2017 on the Company's website at **www.lai-si.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.lai-si.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 9 February 2017;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 9 February 2017 to 12:00 midnight on Wednesday, 15 February 2017;

- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 9 February 2017 to Tuesday, 14 February 2017 (excluding Saturday and Sunday);

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 9 February 2017 to Monday, 13 February 2017 at all the receiving bank's designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and 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 PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form**, 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 the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee 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 the 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) Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** 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;
- the Company or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 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 conditions of the Public Offer set out in the section headed "Structure and conditions of the Share Offer – Conditions of the Public Offer" in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 9 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).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on 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 Thursday, 9 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 order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 10 February 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 9 February 2017 or such other date as notified by the Company on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.lai-si.com**.

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, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 9 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 as described above for collection your refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 9 February 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 9 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 apply as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the sub-section headed "11. Publication of results" in this section. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 9 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

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 9 February 2017, or such other date as notified by the Company on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.lai-si.com** 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 Thursday, 9 February 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 9 February 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the sub-section headed "11. Publication of results" in this section on Thursday, 9 February 2017. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 9 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.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 9 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 initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 9 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 the Company 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.

Deloitte. 德勤 35/F One Pacific Place
88 Queensway
Hong Kong

27 January 2017

The Directors
Lai Si Enterprise Holding Limited
Messis Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Lai Si Enterprise Holding Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016 (the "Track Record Period") for inclusion in the prospectus of the Company dated 27 January 2017 (the "Prospectus") in connection with the proposed 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 an exempted company with limited liability on 1 June 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a corporate reorganisation (the "Reorganisation"), as more fully explained in the section headed "History, Reorganisation and corporate structure" in the Prospectus, the Company became the holding company of the companies comprising the Group on 23 January 2017.

At the date of this report, the Company has the following subsidiaries:

Name of subsidiaries	Place of establishment/ incorporation	Date of establishment/ incorporation	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Company					Principal activities
				At 31 December			At 31 July	Date of this report	
				2013	2014	2015	2016		
LSMA Holding Limited ("LSMAHL")*	The British Virgin Islands (the "BVI")	7 June 2016	United States Dollar ("USD")10	N/A	N/A	N/A	100%	100%	Investment holding
WTMA Holding Limited ("WTMAHL")*	The BVI	7 June 2016	USD10	N/A	N/A	N/A	100%	100%	Investment holding
LSHK Holding Limited ("LSHKHL")*	The BVI	7 June 2016	USD10	N/A	N/A	N/A	100%	100%	Investment holding

Name of subsidiaries	Place of establishment/ incorporation	Date of establishment/ incorporation	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Company					Principal activities
				At 31 December			At 31 July	Date of this report	
				2013	2014	2015	2016		
Lai Si Construction & Engineering Company Limited ("Lai Si")	Macau	8 November 2004	Macau Pataca ("MOP")50,000	100%	100%	100%	100%	100%	Construction works, fitting-out works and provision of repair and maintenance services
Well Team Engineering Company Limited ("Well Team")	Macau	5 September 2006	MOP25,000	100%	100%	100%	100%	100%	Holding of office building
Lai Si Construction (Hong Kong) Company Limited ("Lai Si (HK)")	Hong Kong	5 May 2015	Hong Kong Dollar ("HK$")10,000	N/A	N/A	100%	100%	100%	Inactive

* Directly held by the Company

All companies comprising the Group have adopted 31 December as their financial year end date.

No statutory audited financial statements have been prepared for the Company, its subsidiaries incorporated in the BVI, Lai Si and Well Team since they were incorporated in jurisdictions where there are no statutory audit requirement.

The statutory audited financial statements have been prepared for Lai Si (HK) for the period since its incorporation on 5 May 2015 to 31 December 2015 and were audited by us. The statutory audited financial statements of Lai Si (HK) are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

For the purpose of this report, the directors of the Company have prepared the consolidated management accounts of the Company and its subsidiaries including LSMAHL, WTMAHL and LSHKHL for the period from the date of its incorporation to 31 July 2016, the directors of Lai Si and Well Team have prepared their respective financial statements for the Track Record Period (the "HKFRS Financial Statements") and the directors of Lai Si (HK) have prepared the management accounts for the seven months ended 31 July 2016 in accordance with HKFRSs issued by the HKICPA (together with the statutory financial statements of Lai Si (HK) for the period ended 31 December 2015, hereinafter collectively referred to as the "Underlying Financial Statements"). We have undertaken an independent audit of the HKFRS Financial Statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and also examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information for the Track Record Period as set out in this report has been prepared from the Underlying Financial Statements on the basis of presentation set out in Note 2 of Section A below, after making such adjustments as the directors of the Company consider appropriate for the purpose of preparing our report for the inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the respective companies who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 2 of Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Group as at 31 December 2013, 2014 and 2015 and 31 July 2016 and of the Company as at 31 July 2016, and of the financial performance and cash flows of the Group for the Track Record Period.

The comparative 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 seven months ended 31 July 2015 together with the notes thereon have been extracted from the unaudited financial information of Lai Si, Well Team and Lai Si (HK) for the same period after making such adjustments as the directors of the Company consider appropriate (the "31 July 2015 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review on the 31 July 2015 Financial 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 of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 July 2015 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 July 2015 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Seven months ended 31 July	
	Notes	**2013**	**2014**	**2015**	**2015**	**2016**
		MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
					(unaudited)	
Revenue	*8*	59,340	117,753	220,711	116,667	129,526
Cost of sales		(35,193)	(59,718)	(160,479)	(86,053)	(94,163)
Gross profit		24,147	58,035	60,232	30,614	35,363
Other income, gains and losses	*10*	(452)	2,358	3,036	1,489	(165)
Administrative expenses		(6,124)	(9,992)	(14,326)	(8,952)	(11,911)
Listing expenses		–	–	–	–	(7,073)
Finance costs	*11*	(327)	(730)	(1,785)	(930)	(1,116)
Profit before taxation		17,244	49,671	47,157	22,221	15,098
Income tax expense	*12*	(2,362)	(6,346)	(5,792)	(2,715)	(2,505)
Profit and total comprehensive income for the year/period attributable to owners of the Company	*13*	14,882	43,325	41,365	19,506	12,593

COMBINED STATEMENTS OF FINANCIAL POSITION

		The Group				The Company
		As at 31 December			As at 31 July	As at 31 July
	Notes	*2013*	*2014*	*2015*	*2016*	*2016*
		MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Non-current assets						
Property, plant and equipment	*17*	4,189	4,686	4,952	4,799	–
Interest in an associate	*18*	40	40	40	–	–
Amounts due from related parties	*20(a)*	13,818	24,633	–	–	–
Investments in subsidiaries		–	–	–	–	–*
		18,047	29,359	4,992	4,799	–
Current assets						
Trade and other receivables	*19*	15,790	9,044	46,246	64,019	2,380
Amounts due from related parties	*20(a)*	8,103	4	28,955	–	–
Amounts due from directors	*20(b)*	11,239	51,584	78,741	41,308	–
Amount due from ultimate holding company	*20(c)*	–	–	–	1	1
Amounts due from customers for contract work	*21*	9,478	21,540	55,284	54,787	–
Pledged bank deposits	*22*	39	648	1,051	1,051	–
Bank balances and cash	*22*	1,742	2,347	1,890	8,456	–
		46,391	85,167	212,167	169,622	2,381
Current liabilities						
Trade and other payables	*23*	9,903	12,257	27,906	40,198	3,909
Amounts due to related parties	*20(a)*	1,325	221	246	–	–
Amounts due to directors	*20(b)*	–	272	667	667	–
Amounts due to subsidiaries	*20(d)*	–	–	–	–	840
Amounts due to customers for contract work	*21*	3,938	967	16,350	28,868	–
Tax payable		5,732	12,076	17,488	19,729	–
Bank overdrafts	*22*	244	2,107	–	6,707	–
Bank and other borrowings	*24*	8,229	20,421	46,965	28,271	–
		29,371	48,321	109,622	124,440	4,749
Net current assets (liabilities)		17,020	36,846	102,545	45,182	(2,368)
Total assets less current liabilities		35,067	66,205	107,537	49,981	(2,368)
Non-current liability						
Other borrowing	*24*	86	43	–	–	–
Net assets (liabilities)		34,981	66,162	107,537	49,981	(2,368)
Capital and reserves						
Share capital	*25*	75	75	85	86	1
Reserves	*26*	34,906	66,087	107,452	49,895	(2,369)
		34,981	66,162	107,537	49,981	(2,368)

* *Less than MOP1,000*

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital	Legal reserve	Other reserve	Accumulated profits	Total
	MOP'000	*MOP'000* *(Note (a))*	*MOP'000* *(Note (b))*	*MOP'000*	*MOP'000*
At 1 January 2013	75	38	–	23,240	23,353
Profit and total comprehensive income for the year	–	–	–	14,882	14,882
Deemed distribution to the Controlling Shareholders (as defined in *Note 2*)	–	–	(3,254)	–	(3,254)
At 31 December 2013	75	38	(3,254)	38,122	34,981
Profit and total comprehensive income for the year	–	–	–	43,325	43,325
Deemed distribution to the Controlling Shareholders (as defined in *Note 2*)	–	–	(1,844)	–	(1,844)
Dividend recognised as distribution *(Note 14)*	–	–	–	(10,300)	(10,300)
At 31 December 2014	75	38	(5,098)	71,147	66,162
Incorporation of Lai Si (HK)	10	–	–	–	10
Profit and total comprehensive income for the year	–	–	–	41,365	41,365
At 31 December 2015	85	38	(5,098)	112,512	107,537
Incorporation of the Company	1	–	–	–	1
Profit and total comprehensive income for the period	–	–	–	12,593	12,593
Dividend recognised as distribution *(Note 14)*	–	–	–	(70,000)	(70,000)
Arising from the business transfer *(Note (c))*	–	–	–	(150)	(150)
At 31 July 2016	86	38	(5,098)	54,955	49,981
At 1 January 2015	75	38	(5,098)	71,147	66,162
Incorporation of Lai Si (HK)	10	–	–	–	10
Profit and total comprehensive income for the period	–	–	–	19,506	19,506
At 31 July 2015 (unaudited)	85	38	(5,098)	90,653	85,678

Notes:

(a) In accordance with the Article 377 of the Commercial Code of Macau Special Administrative Region, the subsidiaries registered in Macau are required to transfer part of their profits of each accounting period of not less than 25% to legal reserve, until the amount reaches half of the respective share capital.

(b) Other reserve represents the fair value adjustments recognised in equity as deemed distribution to the Controlling Shareholders (as defined in Note 2) for advances to certain related parties in which the Controlling Shareholders have joint control or control as disclosed in Note 20(d) and (h), respectively.

(c) On 7 June 2016, the business and the assets and liabilities of Construtor Civil Lai Ieng Man were transferred to Lai Si for a cash consideration of MOP150,000, and have been accounted for as deemed distribution to Mr. Lai Ieng Man during the seven months ended 31 July 2016.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Seven months ended 31 July	
	2013	2014	2015	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Operating activities					
Profit before taxation	17,244	49,671	47,157	22,221	15,098
Adjustments for:					
Depreciation of property, plant and equipment	222	274	465	266	277
Provision for trade receivables	1,421	206	–	–	967
Loss on dissolution of an associate company	–	–	–	–	40
Net imputed interest income	(641)	(2,225)	(2,981)	(1,732)	(743)
Bank interest income	–	(5)	–	–	–
Interest on bank borrowing	274	690	1,785	930	1,116
Operating cash flows before movements in working capital	18,520	48,611	46,426	21,685	16,755
(Increase) decrease in trade and other receivables	(3,316)	6,540	(37,202)	(9,395)	(18,740)
(Increase) decrease in amounts due from directors	(2,354)	(3,325)	(857)	(679)	(41)
Increase (decrease) in amounts due to related parties	1	6	11	9	34
(Increase) decrease in amounts due from customers for contract work	(7,730)	(12,062)	(33,744)	(22,306)	497
Decrease (increase) in pledged bank deposits	85	(609)	(403)	146	–
(Decrease) increase in trade and other payables	(2,109)	2,354	15,649	6,748	12,292
Increase (decrease) in amounts due to customers for contract work	2,305	(2,971)	15,383	8,956	12,518
Cash generated from operations	5,402	38,544	5,263	5,164	23,315
Macau Complementary Tax paid	(4)	(2)	(380)	(191)	(264)
Net cash from operating activities	5,398	38,542	4,883	4,973	23,051
Investing activities					
Advances to directors	(32,035)	(41,874)	(83,508)	(19,502)	(8,142)
Advances to related parties	(14,114)	(10,838)	(1,852)	(1,489)	(3,977)
Purchase of property, plant and equipment	(56)	(771)	(731)	(550)	(124)
Repayments from directors	35,564	5,126	57,613	2,575	8,821
Repayments from related parties	675	7,393	529	464	40
Interest received	–	5	–	–	–
Net cash used in investing activities	(9,966)	(40,959)	(27,949)	(18,502)	(3,382)
Financing activities					
New bank borrowings raised	10,000	28,100	50,240	20,228	31,250
Repayments of bank and other borrowings	(4,016)	(15,951)	(23,739)	(3,412)	(49,944)
Dividend paid	–	(10,300)	–	–	–
Interest paid	(274)	(690)	(1,785)	(930)	(1,116)
Net cash from (used in) financing activities	5,710	1,159	24,716	15,886	(19,810)
Net increase (decrease) in cash and cash equivalents	1,142	(1,258)	1,650	2,357	(141)
Cash and cash equivalents at the beginning of the year/period	356	1,498	240	240	1,890
Cash and cash equivalents at the end of the year/period	1,498	240	1,890	2,597	1,749
Represented by:					
Bank balances and cash	1,742	2,347	1,890	3,099	8,456
Less: bank overdrafts	(244)	(2,107)	–	(502)	(6,707)
	1,498	240	1,890	2,597	1,749

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office and the principal place of business is disclosed in the section headed "Corporate information" in the Prospectus.

The Financial Information is presented in MOP which is the same as the functional currency of the Company.

2. REORGANISATION AND BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

In the preparation for the proposed listing of the Company's shares on the Stock Exchange (the "Listing"), the companies now comprising the Group underwent the Reorganisation.

Prior to the Reorganisation, the entire equity interests of Lai Si, Well Team and Lai Si (HK) were directly held by Mr. Lai Ieng Man, Mr. Lai Meng San, son of Mr. Lai Ieng Man, Ms. Lai Ieng Wai and/or Ms. Lai Ieng Fai, daughters of Mr. Lai Ieng Man on behalf of the family of Mr. Lai Ieng Man. Lai Si, Well Team and Lai Si (HK) were beneficially and wholly owned by the family members of Mr. Lai Ieng Man collectively as the controlling shareholders (the "Controlling Shareholders").

As part of the Reorganisation, on 19 February 2016, Ms. Lai Ieng Fai transferred her entire equity interest, being 20% of the share capital of Well Team, to Ms. Lai Ieng Wai for a cash consideration of MOP5,000.

On 25 May 2016, SHK-Mac Capital Limited ("SHKMCL") was incorporated in the BVI with limited liability and 50 shares, 30 shares and 20 shares were allotted and credited as fully paid at par to Mr. Lai Ieng Man, Mr. Lai Meng San and Ms. Lai Ieng Wai, respectively.

On 1 June 2016, the Company was incorporated in the Cayman Islands with limited liability and is wholly-owned by SHKMCL.

For the purpose of holding the operating subsidiaries of the Company, on 7 June 2016, LSMAHL, WTMAHL and LSHKHL were incorporated in the BVI with limited liabilities as intermediate holding companies and are wholly-owned by the Company.

On 18 January 2017, the Controlling Shareholders transferred the entire equity interests in Lai Si (HK) to LSHKHL for cash consideration of HK$10. Lai Si (HK) then became an indirect wholly-owned subsidiary of the Company.

On 23 January 2017, the Controlling Shareholders transferred the entire equity interests in Lai Si and Well Team to LSMAHL and WTMAHL for cash considerations of MOP10 and MOP10, respectively. Lai Si and Well Team then became indirect wholly-owned subsidiaries of the Company.

On 7 June 2016, the business and the assets and liabilities of Construtor Civil Lai Ieng Man, a commercial enterprise with unlimited liability wholly owned by Mr. Lai Ieng Man were transferred by Mr. Lai Ieng Man to Lai Si for a cash consideration of MOP150,000 (the "Business Transfer").

Construtor Civil Lai Ieng Man, which commenced business on 27 January 1987, is a commercial enterprise in Macau owned by Mr. Lai Ieng Man. Prior to the Business Transfer, Construtor Civil Lai Ieng Man was engaged in the provision of labour to Lai Si for performance of fitting-out and construction works. For the purpose of transferring the employment permits for the foreign workers held by Construtor Civil Lai Ieng Man, Mr. Lai Ieng Man and Lai Si entered into the Business Transfer.

Since Construtor Civil Lai Ieng Man, Lai Si, Well Team and Lai Si (HK) were under common control by the Controlling Shareholders, the Business Transfer and the equity transfer of Lai Si, Well Team and Lai Si (HK) have been accounted for as a business combination involving entities under common control using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG 5") issued by the HKICPA as if the transfers had been completed on 1 January 2013.

SHKMCL is the ultimate holding company of the Company after the Reorganisation and not forming part of the Group. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information has been prepared as if the Company had always been the holding company of the Group.

In applying AG 5, the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the Track Record Period or since the respective dates of incorporation, which is a shorter period. The combined statements of financial position of the Group as at 31 December 2013, 2014 and 2015 and 31 July 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates, taken into account the respective dates of incorporation.

The financial information contained in the Prospectus does not constitute the statutory financial statements of Lai Si (HK) from 5 May 2015 (date of incorporation) to 31 December 2015, but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As Lai Si (HK) is a private company, Lai Si (HK) is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The auditor of Lai Si (HK) have reported on these financial statements from 5 May 2015 (date of incorporation) to 31 December 2015. The auditor's report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently applied all new and revised HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations issued by the HKICPA which are effective for the accounting periods beginning on 1 January 2016 throughout the Track Record Period.

At the date of this report, the HKICPA has issued the following new and amendments to HKFRSs that are not yet effective. The Group has not early adopted these new and amendments to HKFRSs.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the financial statements of the Group in future. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

HKFRS 16 "Leases"

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", 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. Specifically, under HKFRS 16, 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. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17.

In respect of the lessor accounting, HKFRS 16 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.

As set out in Note 28, total operating lease commitments of the Group in respect of staff quarters, carparks and warehouses at 31 July 2016 amounted to MOP64,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the financial statements as right-of-use assets and lease liabilities.

The directors of the Company anticipate that the application of other new and amendments to HKFRSs will have no material impact on the financial statements of the Group in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of combination

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in the Financial Information using the equity method of accounting. Under the equity method, an interest in an associate is initially recognised in the combined statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Investments in subsidiaries

Investments in subsidiaries included in the Company's statement of financial position are stated at cost less any identified impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts given to customers.

Revenue from fixed price supply and installation contracts including fitting-out works, alteration and addition and construction works is recognised on the percentage of completion method, measured by reference to the value of work performed during the year/period. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Repair and maintenance service income and consultancy fee income are recognised when services are provided.

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

Supply and installation contracts including fitting-out works, alteration and addition and construction works

Where the outcome of a supply and installation contract including fitting-out works, alteration and addition and construction works can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a supply and installation contract including fitting-out works, alteration and addition and construction works cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the combined statements of financial position, as a liability, as other payables. Amounts billed for work performed but not yet paid by the customers are included in the combined statements of financial position under trade and other receivables.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") in Hong Kong and the Social Security Fund Contribution in Macau are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit before taxation' as reported in the combined statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in subsidiaries and an associate except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year/period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount(s) due from related parties/directors/ultimate holding company, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period or observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to related parties/directors/subsidiaries, bank overdrafts and bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Property, plant and equipment

Property, plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contracts is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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 twelve months.

Estimation uncertainty on supply and installation contracts including fitting-out, alteration and addition works and construction works

The Group's contract profit or loss arising from supply and installation contracts is estimated by reference to the latest available budgets of individual supply and installation contracts prepared by the management of the Group. The estimation of budget contract costs is based on management's best estimates and judgments. Contract costs include costs for interior decorative materials, labour costs and subcontracting fees. If the price of interior decorative materials or the wages of labour or the subcontracting fees varied significantly in the coming months from the budgets, the contract profit for each of the individual projects will differ significantly from the estimated contract profit. If estimated costs exceed contract revenue, a contract loss will be recognised.

Estimated impairment of trade and retention receivables

The provision policy for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

As at 31 December 2013, 2014, 2015 and 31 July 2016, the carrying amounts of trade and retention receivables are MOP15,445,000, MOP7,542,000, MOP39,557,000 and MOP45,578,000, respectively.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank and other borrowings disclosed in Note 24, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, legal reserve and accumulated profits.

The directors of the Company review the capital structure on a continuous 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. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group				The Company
	At 31 December			At 31 July	At 31 July
	2013	**2014**	**2015**	**2016**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Financial assets					
Loans and receivables (including cash and cash equivalents)	50,426	86,797	150,348	96,547	1
Financial liabilities					
Amortised cost	17,651	30,946	70,605	64,075	840

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amount(s) due from related parties/directors, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties/directors, bank overdrafts and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company's major financial instruments include amount(s) due from (to) ultimate holding company and subsidiaries.

Market risk

Currency risk

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through purchase of raw materials and sales proceeds received from customers that are denominated in a currency other than the group entities' functional currency. The currencies giving rise to this risk are primarily HK$ and Renminbi ("RMB"). The directors of the Company consider that the Group's and the Company's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets				Liabilities			
	At 31 December			At 31 July	At 31 December			At 31 July
	2013	2014	2015	2016	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
HK$ against MOP	11,447	6,805	31,847	11,326	133	13,790	24,305	3,783
RMB against MOP	9,706	17,349	19,506	–	1,834	1,556	2,126	4,680

Sensitivity analysis

As the exchange rate of HK$/MOP is relatively stable, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the HK$/MOP exchange rates. As a result, the directors of the Company consider that the sensitivity of the Group's exposure towards the change in foreign exchange rates between HK$/MOP is minimal.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against MOP. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the change taking place at the beginning of the year/period and held constant throughout the year/period.

A negative number below indicates a decrease in post-tax profit for the current year/period where a 5% weakening of RMB against MOP. For a 5% strengthening of RMB against MOP, there would be an equal and opposite impact on the post-tax profit for the year/period as set out below:

	(Decrease)/increase in post-tax profit			
	For the year ended 31 December			Seven months ended 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
RMB against MOP	(346)	(695)	(765)	206

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the Track Record Period.

Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances, bank overdrafts and bank borrowings (see Note 22 for details of bank balances, pledged bank deposits and bank overdrafts and Note 24 for details of bank borrowings). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's and the Company's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") and interest rates on prevailing best lending rates quoted by the banks in Macau (the "Prime Rate") arising from the Group's bank borrowings and bank overdrafts.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. For variable-rate bank overdrafts and bank borrowings, the analysis is prepared assuming bank overdrafts and bank borrowings outstanding at the end of the reporting period were outstanding for the whole year/period.

A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates on variable rate bank overdrafts and bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for each of the three years ended 31 December 2013, 2014 and 2015 and the seven months period ended 31 July 2016 would decrease/increase by approximately MOP38,000, MOP99,000, MOP207,000 and MOP90,000, respectively.

Credit risk

At the end of each reporting period, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable and other receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The management closely monitors the subsequent settlement of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 December 2013, 2014 and 2015 and 31 July 2016 on trade and retention receivables from the Group's 5 major customers amounting to MOP1,421,000, MOP1,811,000, MOP21,133,000 and MOP22,441,000, respectively and accounted for 9%, 24%, 53% and 49%, respectively, of the Group's total trade and retention receivables. The major customers of the Group are certain reputable organisations. The management of the Group considers that the credit risk is limited in this regard. Other than concentration of credit risk on trade and retention receivables, the Group has concentration of credit risk on amounts due from related parties and directors. Amounts due from related parties amounted to MOP21,921,000, MOP24,637,000, MOP28,955,000 and nil as at 31 December 2013, 2014 and 2015 and 31 July 2016, respectively and amounts due from directors amounted to MOP11,239,000, MOP51,584,000, MOP78,741,000 and MOP41,308,000 as at 31 December 2013, 2014 and 2015 and 31 July 2016, respectively. Details of which are set out in Note 20.

In order to minimise the credit risk, management of the Group and the Company review the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's and the Company's credit risk is significantly reduced.

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

The Group relies on bank borrowings as a significant source of liquidity. The Group has available unutilised banking facilities of approximately MOP3,173,000, MOP50,146,000, MOP44,402,000 and MOP51,093,000, respectively, as at 31 December 2013, 2014 and 2015 and 31 July 2016, of which nil, MOP6,951,000, MOP4,937,000 and MOP10,000,000, respectively, can only be utilised by issuance of performance bonds by the bank in relation to fitting-out works projects.

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from contracted interest rate curve at the end of each reporting period.

The Group

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Total carrying amount
	%	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
31 December 2013						
Non-derivative financial liabilities						
Trade and other payables	–	7,767	–	–	7,767	7,767
Amounts due to related parties	–	1,325	–	–	1,325	1,325
Bank overdraft	4.75	244	–	–	244	244
Interest-free other borrowing	–	–	43	86	129	129
Variable rate bank borrowings *(note)*	4.48	8,186	–	–	8,186	8,186
		17,522	43	86	17,651	17,651

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Total carrying amount
	%	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
31 December 2014						
Non-derivative financial liabilities						
Trade and other payables	–	7,882	–	–	7,882	7,882
Amounts due to related parties	–	221	–	–	221	221
Amounts due to directors	–	272	–	–	272	272
Bank overdraft	4.75	2,107	–	–	2,107	2,107
Interest-free other borrowing	–	–	43	43	86	86
Variable rate bank borrowings *(note)*	5.18	20,378	–	–	20,378	20,378
		30,860	43	43	30,946	30,946

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Total carrying amount
	%	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
31 December 2015						
Non-derivative financial liabilities						
Trade and other payables	–	22,727	–	–	22,727	22,727
Amounts due to related parties	–	246	–	–	246	246
Amounts due to directors	–	667	–	–	667	667
Interest-free other borrowing	–	–	43	–	43	43
Variable rate bank borrowings *(note)*	4.90	46,922	–	–	46,922	46,922
		70,562	43	–	70,605	70,605

	Weighted average interest rate %	On demand or less than 3 months MOP'000	3 months to 1 year MOP'000	Over 1 year MOP'000	Total undiscounted cash flows MOP'000	Total carrying amount MOP'000
31 July 2016						
Non-derivative financial liabilities						
Trade and other payables	–	28,430	–	–	28,430	28,430
Amounts due to directors	–	667	–	–	667	667
Bank overdrafts	6.41	6,707	–	–	6,707	6,707
Interest-free other borrowing	–	–	21	–	21	21
Variable rate bank borrowings *(note)*	4.77	28,250	–	–	28,250	28,250
		64,054	21	–	64,075	64,075

The Company

	Weighted average interest rate %	On demand or less than 3 months MOP'000	3 months to 1 year MOP'000	Over 1 year MOP'000	Total undiscounted cash flows MOP'000	Total carrying amount MOP'000
31 July 2016						
Amounts due to subsidiaries	–	840	–	–	840	840

note: Bank borrowings with a repayment on demand clause are included in the 'On demand or less than 3 month' time band in the above maturity analysis. As at 31 December 2013, 2014 and 2015 and 31 July 2016, the aggregate carrying amounts of these bank borrowings amounted to MOP8,186,000, MOP20,378,000, MOP46,922,000 and MOP28,250,000, respectively. Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows (estimated based on the interest rate at the end of the reporting period) are set out below.

	Weighted average interest rate %	On demand or less than 1 month MOP'000	Less than 3 months MOP'000	3 months to 1 year MOP'000	1 year to 5 years MOP'000	Over 5 years MOP'000	Total undiscounted cash flows MOP'000	Total carrying amount MOP'000
Variable rate bank borrowings								
31 December 2013	4.48	55	1,622	520	3,089	3,200	8,486	8,186
31 December 2014	5.18	57	115	2,609	16,132	2,347	21,260	20,378
31 December 2015	4.90	13,106	8,178	21,860	3,345	1,460	47,949	46,922
31 July 2016	4.77	36	17,205	3,455	2,005	6,172	28,873	28,250

Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

8. REVENUE

Revenue represents the net amounts received and receivable for fitting-out, alteration and addition works, construction works and repair and maintenance services rendered by the Group to customers, net of discounts.

An analysis of the Group's revenue for the year/period is as follows:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Contract revenue from fitting-out, alteration and addition works	49,659	106,722	216,922	114,271	127,573
Contract revenue from construction works	7,086	7,377	1,281	1,009	760
Repair and maintenance services	2,595	3,654	2,508	1,387	1,193
	59,340	117,753	220,711	116,667	129,526

9. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), being the management of the Group, in order for the CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

(a) Fitting-out, alteration and addition works;

(b) Construction works; and

(c) Repair and maintenance services.

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and profit

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended 31 December 2013

	Fitting-out, alteration and addition works *MOP'000*	**Construction works** *MOP'000*	**Repair and maintenance services** *MOP'000*	**Total** *MOP'000*
Segment revenue – external	49,659	7,086	2,595	59,340
Segment results	21,684	853	1,324	23,861
Corporate expenses				(5,838)
Other income, gains and losses				(452)
Finance costs				(327)
Profit before taxation				17,244

For the year ended 31 December 2014

	Fitting-out, alteration and addition works MOP'000	Construction works MOP'000	Repair and maintenance services MOP'000	Total MOP'000
Segment revenue – external	106,722	7,377	3,654	117,753
Segment results	52,834	364	2,959	56,157
Corporate expenses				(8,114)
Other income, gains and losses				2,358
Finance costs				(730)
Profit before taxation				49,671

For the year ended 31 December 2015

	Fitting-out, alteration and addition works MOP'000	Construction works MOP'000	Repair and maintenance services MOP'000	Total MOP'000
Segment revenue – external	216,922	1,281	2,508	220,711
Segment results	54,770	58	1,773	56,601
Corporate expenses				(10,695)
Other income, gains and losses				3,036
Finance costs				(1,785)
Profit before taxation				47,157

For the seven months ended 31 July 2015 (unaudited)

	Fitting-out, alteration and addition works MOP'000	Construction works MOP'000	Repair and maintenance services MOP'000	Total MOP'000
Segment revenue – external	114,271	1,009	1,387	116,667
Segment results	26,863	80	1,027	27,970
Corporate expenses				(6,308)
Other income, gains and losses				1,489
Finance costs				(930)
Profit before taxation				22,221

For the seven months ended 31 July 2016

	Fitting-out, alteration and addition works	Construction works	Repair and maintenance services	Total
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Segment revenue – external	127,573	760	1,193	129,526
Segment results	32,620	43	589	33,252
Corporate expenses				(9,800)
Other income, gains and losses				(165)
Listing expenses				(7,073)
Finance costs				(1,116)
Profit before taxation				15,098

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment results mainly represented profit earned by each segment, excluding income and expenses of the corporate function, which include other income, gains and losses, certain administrative expenses, listing expenses and finance costs.

Geographical information

The Group's operations are solely located in Macau.

Information about major customers

Revenue from customers of the corresponding year/period contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December			Seven months ended 31 July	
	2013	2014	2015	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Customer A *(note (a))*	22,260	23,297	27,707	20,256	N/A[(b)]
Customer B *(note (a))*	6,416	19,871	N/A[(b)]	N/A[(b)]	14,660
Customer C *(note (a))*	N/A[(b)]	46,732	93,766	52,377	32,649
Customer D *(note (a))*	N/A[(b)]	N/A[(b)]	N/A[(b)]	N/A[(b)]	16,804
Customer E *(note (a))*	N/A[(b)]	N/A[(b)]	N/A[(b)]	N/A[(b)]	34,560
Customer F *(note (a))*	N/A[(b)]	N/A[(b)]	N/A[(b)]	N/A[(b)]	16,918
Customer G *(note (a))*	N/A[(b)]	N/A[(b)]	N/A[(b)]	18,895	N/A[(b)]

notes:

(a) The revenue was from fitting-out, alteration and addition works.

(b) Revenue from the customer is less than 10% of the total revenue of the Group.

(c) No single customer in respect of construction works and repair and maintenance services contributed 10% or more to the Group's revenue for the Track Record Period.

10. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 December			Seven months ended 31 July	
	2013	2014	2015	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Provision for trade receivables *(Note 19)*	(1,421)	(206)	–	–	(967)
Net exchange gain (loss)	236	73	1	(243)	52
Consultancy fee income	–	100	13	–	–
Bank interest income	–	5	–	–	–
Imputed interest income	694	2,265	2,981	1,732	743
Loss on dissolution of an associate company	–	–	–	–	(40)
Others	39	121	41	–	47
	(452)	2,358	3,036	1,489	(165)

11. FINANCE COSTS

	Year ended 31 December			Seven months ended 31 July	
	2013	2014	2015	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Interest on bank borrowings	274	690	1,785	930	1,116
Others	53	40	–	–	–
	327	730	1,785	930	1,116

12. INCOME TAX EXPENSE

	Year ended 31 December			Seven months ended 31 July	
	2013	2014	2015	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
The income tax expense comprises:					
Macau Complementary Tax – current year	2,362	6,346	5,792	2,715	2,505

Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding MOP300,000, MOP600,000 and MOP600,000 for the years ended 31 December 2013, 2014 and 2015, respectively for the Track Record Period.

Hong Kong Profits Tax at 16.5% has not been provided as the Group had no assessable profits arising in Hong Kong during the year ended 31 December 2015 and the period ended 31 July 2016.

The income tax expense for the year/period can be reconciled to the profit before taxation in the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Profit before taxation	17,244	49,671	47,157	22,221	15,098
Tax at the tax rate of 12%	2,069	5,961	5,659	2,667	1,812
Tax effect of expenses not deductible for tax purpose	221	660	536	284	726
Tax effect of income not taxable for tax purpose	(83)	(272)	(358)	(208)	(89)
Tax effect of tax losses not recognised	–	–	–	–	137
Effect of different tax rate at 16.5% of a subsidiary operating in other jurisdiction	–	–	–	–	(38)
Tax effect of tax exemption under Macau Complimentary Income Tax	(36)	(72)	(72)	(47)	(47)
Others	191	69	27	19	4
Income tax expense for the year/period	2,362	6,346	5,792	2,715	2,505

As at 31 July 2016, the Group had unused tax loss of approximately MOP834,000 available to offset against future profits. No deferred tax asset had been recognised in respect of the unused tax loss due to the unpredictability of future profit streams. The tax losses as at 31 July 2016 might be carried forward indefinitely.

13. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Profit for the year/period has been arrived at after charging:					
Auditor's remuneration	35	46	18	–	–
Depreciation of property, plant and equipment	222	274	465	266	277
Directors' emoluments					
– fees	–	–	–	–	–
– other emoluments	1,609	1,547	2,034	736	2,531
Fitting-out, alteration and addition works	27,749	52,111	158,549	84,769	93,014
Construction works	6,173	6,913	1,205	927	705
Contract costs recognised as expense	33,922	59,024	159,754	85,696	93,719
Staff costs					
Gross staff costs (including directors' emoluments)	12,563	20,685	52,725	27,575	34,708
Less: Staff costs capitalised to contract costs	(8,760)	(16,218)	(45,290)	(22,749)	(26,576)
	3,803	4,467	7,435	4,826	8,132
Minimum operating lease payments	192	297	385	235	189

14. DIVIDEND

During the year ended 31 December 2014, a final dividend of MOP10,300,000 was recognised as distribution by Lai Si to the Controlling Shareholders.

During the seven months ended 31 July 2016, a dividend of MOP70,000,000 was declared by Lai Si to the Controlling Shareholders.

Other than the above, no dividend has been paid or declared by other companies comprising the Group during the Track Record Period or by the Company since its incorporation.

The rates of dividend and the number of shares ranking for distribution are not presented as such information is not meaningful having regard to the purpose of this report.

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments and chief executive's emoluments

Executive directors

Details of the emoluments paid or payable by the Group to the directors of the subsidiaries who were appointed as the directors of the Company during the Track Record Period for their services rendered are as follows:

Year ended 31 December 2013

Name of directors	Fees	Salaries and other allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Mr. Lai Ieng Man	–	275	40	–	315
Mr. Lai Meng San	–	486	34	1	521
Ms. Lai Ieng Wai	–	220	31	1	252
Ms. Cheong Weng Si	–	520	–	1	521
	–	1,501	105	3	1,609

Year ended 31 December 2014

Name of directors	Fees	Salaries and other allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Mr. Lai Ieng Man	–	478	47	–	525
Mr. Lai Meng San	–	539	38	1	578
Ms. Lai Ieng Wai	–	169	33	1	203
Ms. Cheong Weng Si	–	240	–	1	241
	–	1,426	118	3	1,547

Year ended 31 December 2015

Name of directors	Fees	Salaries and other allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Mr. Lai Ieng Man	–	468	36	–	504
Mr. Lai Meng San	–	720	29	1	750
Ms. Lai Ieng Wai	–	338	26	1	365
Ms. Cheong Weng Si	–	414	–	1	415
	–	1,940	91	3	2,034

Seven months ended 31 July 2015 (unaudited)

Name of directors	Fees	Salaries and other allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Mr. Lai Ieng Man	–	216	36	–	252
Mr. Lai Meng San	–	174	29	–	203
Ms. Lai Ieng Wai	–	156	26	–	182
Ms. Cheong Weng Si	–	99	–	–	99
	–	645	91	–	736

Seven months ended 31 July 2016

Name of directors	Fees	Salaries and other allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Mr. Lai Ieng Man	–	756	36	–	792
Mr. Lai Meng San	–	725	29	–	754
Ms. Lai Ieng Wai	–	686	26	–	712
Ms. Cheong Weng Si	–	273	–	–	273
	–	2,440	91	–	2,531

The discretionary bonus is determined based on performance of individual and the Group.

The emoluments of the above directors include those services rendered by them to the companies now comprising the Group during the Track Record Period.

The Company did not have chief executive during the Track Record Period. Mr. Lai Ieng Man was appointed as an executive director and the chairman of the Company on 18 July 2016. Mr. Lai Meng San was appointed as an executive director and chief executive officer of the Company on 18 July 2016, Ms. Lai Ieng Wai and Ms. Cheong Weng Si were appointed as executive directors of the Company on 18 July 2016. None of the directors or the chief executive waived or agreed to waive any emoluments during the Track Record Period.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

Independent non-executive directors

No independent non-executive directors were appointed by the Company during the Track Record Period. Mr. Chan Chun Sing, Mr. Chan Iok Chun and Mr. Mak Heng Ip were appointed as independent non-executive directors of the Company on 18 January 2017.

(b) Employees' emoluments

The five highest paid individuals of the Group during the years ended 31 December 2013, 2014 and 2015 and the seven months period ended 31 July 2015 and 2016 include 4, 2, 1, nil (unaudited) and 3 directors, respectively, details of whose emoluments are set out in Note 15(a) above. Details of the emoluments of the remaining 1, 3, 4, 5 (unaudited) and 2 individuals for the years ended 31 December 2013, 2014 and 2015 and the seven months period ended 31 July 2015 and 2016, respectively, are as follows:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Salaries and other allowance	251	1,610	4,337	2,501	1,816
Discretionary bonus	–	91	127	84	195
Retirement benefit scheme Contributions	1	1	–	–	–
	252	1,702	4,464	2,585	2,011

The emoluments of the remaining highest paid employees were within the following bands:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015** (unaudited)	**2016**
Nil to HK$1,000,000	1	3	1	5	1
HK$1,000,001 to HK$1,500,000	–	–	3	–	1

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or chief executive or five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

16. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful with regard to the Reorganisation and the results for the Track Record Period that is on a combined basis as set out in Note 2.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *MOP'000*	Leasehold improvement *MOP'000*	Plant and machinery *MOP'000*	Furniture, fixtures and equipment *MOP'000*	Motor vehicles *MOP'000*	Total *MOP'000*
COST						
At 1 January 2013	4,077	214	–	302	–	4,593
Additions	–	–	–	56	–	56
At 31 December 2013	4,077	214	–	358	–	4,649
Additions	–	–	339	422	10	771
At 31 December 2014	4,077	214	339	780	10	5,420
Additions	–	–	439	210	82	731
At 31 December 2015	4,077	214	778	990	92	6,151
Additions	–	–	5	119	–	124
At 31 July 2016	4,077	214	783	1,109	92	6,275
DEPRECIATION						
At 1 January 2013	163	25	–	50	–	238
Provided for the year	82	71	–	69	–	222
At 31 December 2013	245	96	–	119	–	460
Provided for the year	82	71	16	104	1	274
At 31 December 2014	327	167	16	223	1	734
Provided for the year	82	47	127	192	17	465
At 31 December 2015	409	214	143	415	18	1,199
Provided for the period	44	–	91	131	11	277
At 31 July 2016	453	214	234	546	29	1,476
CARRYING VALUES						
At 31 December 2013	3,832	118	–	239	–	4,189
At 31 December 2014	3,750	47	323	557	9	4,686
At 31 December 2015	3,668	–	635	575	74	4,952
At 31 July 2016	3,624	–	549	563	63	4,799

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold land and buildings	50 years
Leasehold improvement	Over the shorter of term of lease, or 33%
Plant and machinery	20%
Furniture, fixtures and equipment	20% – 25%
Motor vehicles	20%

18. INTEREST IN AN ASSOCIATE

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Cost of unlisted investment in an associate	40	40	40	–

The Group's associate at the end of each reporting period represents 江蘇華建建設(澳門)有限公司 ("Jiangsu Hua Jian"). Jiangsu Hua Jian is accounted for using equity method in this combined financial information. Particulars of Jiangsu Hua Jian as at 31 December 2013, 2014 and 2015 and 31 July 2016 are as follows:

Name of entity	Form of entity	Place of establishment/ operation	Class of shares held	Proportion of issued capital and voting rights held by the Company				Principal activities
				At 31 December			At 31 July	
				2013	2014	2015	2016	
Jiangsu Hua Jian	Incorporated	Macau	Ordinary	40%	40%	40%	–	Inactive

No summarised financial information of Jiangsu Hua Jian is set out as Jiangsu Hua Jian was inactive during the Track Record Period with no income or expenses being recorded by Jiangsu Hua Jian. Jiangsu Hua Jian was dissolved in June 2016.

19. TRADE AND OTHER RECEIVABLES/RETENTION RECEIVABLES

	The Group				The Company
	At 31 December			At 31 July	At 31 July
	2013	**2014**	**2015**	**2016**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Trade receivables	13,671	4,517	27,382	26,036	–
Retention receivables	1,774	3,025	12,175	19,542	–
Deferred listing expenses	–	–	–	2,303	2,303
Other receivables, prepayment and deposits	345	1,502	6,689	16,138	77
Total trade and other receivables	15,790	9,044	46,246	64,019	2,380

Trade receivables

The Group allows an average credit period of 30 days to its customers. The following is an aged analysis of trade receivables presented based on invoice dates at the end of each reporting period, net of allowance for doubtful debts.

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
1 – 30 days	8,411	2,365	14,756	7,153
31 – 60 days	2,025	1,332	4,315	11,117
61 – 90 days	1,430	75	5,853	1,203
Over 90 days	1,805	745	2,458	6,563
	13,671	4,517	27,382	26,036

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly.

As at 31 December 2013, 2014, 2015 and 31 July 2016, included in the Group's trade receivable balances were receivables with aggregate carrying amount of MOP5,260,000, MOP2,152,000, MOP12,627,000 and MOP18,883,000, respectively, which were past due at the end of each reporting period for which the Group had not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts were still considered recoverable. Accordingly, the directors of the Company believe that no impairment loss was required. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Overdue				
1 – 30 days	2,025	1,332	4,315	11,117
31 – 60 days	1,430	75	5,622	1,203
61 – 90 days	127	2	461	20
Over 90 days	1,678	743	2,229	6,543
	5,260	2,152	12,627	18,883

Movement in the allowance for doubtful debts

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Brought forward from last year	378	1,799	2,005	2,005
Provision for the year/period	1,421	206	–	967
Carried forward to next year/period	1,799	2,005	2,005	2,972

Included in the allowance for doubtful debts as at 31 December 2013, 2014 and 2015 and 31 July 2016 are individually impaired trade receivables with an aggregate balance of MOP1,799,000, MOP2,005,000, MOP2,005,000 and MOP2,972,000 which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

Retention receivables

Retention receivables are unsecured, interest-free and recoverable at the end of the defects liability period of individual contracts, ranging from 2 months to 2 years from the date of the completion of the respective project.

The following is an aged analysis of retention receivables which are to be settled, based on the expiry of the defects liability period, at the end of each reporting period.

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
On demand or within one year	1,774	2,860	3,932	6,794
After one year	–	165	8,243	12,748
	1,774	3,025	12,175	19,542

Included in Group's retention receivables balances as at 31 December 2013, 2014 and 2015 and 31 July 2016 were receivables with aggregate carrying amount of MOP189,000, MOP1,138,000, MOP575,000, MOP1,921,000, respectively, which were past due at the end of each reporting period for which the Group had not provided for impairment loss. The Group does not hold any collateral over these balances.

In determining the recoverability of trade and retention receivables, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of each reporting period.

The Group's trade and retention receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
HK$	10,954	4,855	31,629	11,230

20. AMOUNT(S) DUE FROM (TO) RELATED PARTIES/DIRECTORS/ULTIMATE HOLDING COMPANY

The Group

(a) Amounts due from (to) related parties:

	At 31 December 2013	At 31 December 2014	At 31 December 2015	At 31 July 2016	Maximum amount outstanding during Year ended 31 December 2013	Maximum amount outstanding during Year ended 31 December 2014	Maximum amount outstanding during Year ended 31 December 2015	Maximum amount outstanding during Seven months ended 31 July 2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000 (note e)*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Non-trade nature								
– Lai Si Construction (Singapore) Pte. Limited *(notes a, c and i)*	–	–	–	–	–	–	–	598
– Blue Sky Design Studio *(notes a, c and f)*	(307)	2	2	–	N/A	3	2	2
– Celebrity Limited *(notes b and c)*	3	–	–	–	3	8	N/A	N/A
– Mantaly Property Company Limited ("Mantaly Property") *(notes a and h)*	(803)	987	1,913	–	N/A	987	1,913	2,225
– Man Tong Tat Trading Company Limited *(notes a and c)*	483	–	–	–	550	519	N/A	N/A
– Man Tong Trading *(notes a, c and i)*	116	–	(14)	–	116	118	N/A	N/A
– Ms. Lai Ieng Fai *(note c and i)*	(208)	(208)	(208)	–	N/A	N/A	N/A	N/A
– Premier Property Company Limited *(notes a and h)*	7,443	1,520	2,112	–	7,516	8,427	2,112	2,358
– Shining – International Food and Beverage Management Limited *(notes b and c)*	56	–	–	–	56	56	N/A	N/A
– Tak Nang Investment & Development Co., Ltd. *(notes a and g)*	4,122	4,780	5,420	–	4,122	5,406	5,420	5,606
– 陽江宏高房地產發展有限公司 ("陽江宏高") *(notes a and d)*	9,696	17,346	19,506	–	9,696	17,346	19,506	20,044
	20,601	24,427	28,731	–				
Trade nature								
– Combo Restaurant Management Company Limited ("Combo Restaurant") *(notes a, c and i)*	(7)	(13)	(24)	–				
– Milestone Engineering Company Limited ("Milestone Engineering") *(notes a, c and f)*	2	2	2	–				
	(5)	(11)	(22)	–				
	20,596	24,416	28,709	–				
Analysed for reporting purposes as:								
Amounts due from related parties (included in non-current assets)	13,818	24,633	–	–				
Amounts due from related parties (included in current assets)	8,103	4	28,955	–				
Amounts due to related parties	(1,325)	(221)	(246)	–				
	20,596	24,416	28,709	–				

notes:

(a) The Controlling Shareholders who are also directors of the Company have beneficial interest over these related companies.

(b) Ms. Cheong Weng Si, a director of the Company, has beneficial interest over these related companies.

(c) The balances are unsecured, non-interest bearing and repayable on demand.

(d) The balances comprised several advances to 陽江宏高 which were unsecured, non-trade in nature, interest bearing at a fixed interest rate of 13% per annum which was payable on monthly basis. As at 31 December 2013, the principal amounts of approximately MOP524,000 and MOP12,200,000 were repayable on 30 June 2014 and 8 June 2014, respectively. As at 31 December 2014, the principal amounts of approximately MOP3,050,000, MOP3,660,000, MOP610,000 were repayable on 17 January 2015, 7 February 2015 and 19 February 2015, respectively, and the principal amount of MOP12,724,000 was due for repayment. As at 31 December 2015, the principal amount of approximately MOP20,044,000 was due for repayment. No interest income was recorded during the Track Record Period as the terms of interest payment had been breached.

After the management's assessment on the business plan of 陽江宏高, the directors of the Company were in the opinion that the expected date of demand for repayment would be in 2016. Therefore, the balances were classified as non-current as at 31 December 2013 and 2014 and measured at amortised cost using the effective interest method with an effective interest rate of 13% per annum at 31 December 2013 and 2014, resulting in a deemed distribution to the Controlling Shareholders of MOP3,254,000 and MOP1,288,000 recognised in other reserve during the years ended 31 December 2013 and 2014, respectively, as the Controlling Shareholders have joint control in 陽江宏高. The imputed interest income was subsequently recognised in profit or loss. During the years ended 31 December 2013, 2014, 2015 and 31 July 2016, imputed interest income of approximately MOP226,000, MOP1,618,000, MOP2,160,000 and MOP539,000, respectively were credited to profit or loss.

During the seven months ended 31 July 2016, the principal amount of MOP20,044,000 had been assigned to Mr. Lai Ieng Man as detailed in note (e) and Note 27.

(e) During the seven months ended 31 July 2016, amounts due from (to) related parties with an aggregate amount of MOP33,355,000 had been assigned to Mr. Lai Ieng Man and was net off against amount due from Mr. Lai Ieng Man.

(f) Blue Sky Design Studio was cancelled on 12 August 2016 and Milestone Engineering was dissolved on 21 June 2016.

During the seven months ended 31 July 2016, the principal amount of MOP519,000 had been assigned to Mr. Lai Ieng Man as detailed in note (e) and Note 27.

(g) The balances were unsecured, interest-free and repayable on demand. In the opinion of the directors, the expected date of demand for repayment would be in 2016. Therefore, the balances were classified as non-current as at 31 December 2013 and 2014 and measured at amortised cost using the effective interest method with an effective interest rate of 13% per annum at initial recognition date and subsequently carried at amortised cost using effective interest method, resulting in an imputed interest expenses of approximately MOP53,000 and MOP40,000 being recognised in profit or loss for the years ended 31 December 2013 and 2014, respectively. For the years ended 31 December 2013, 2014, 2015 and the seven months ended 31 July 2016, imputed interest income of approximately MOP468,000, MOP490,000, MOP501,000 and MOP125,000, respectively were credited to profit or loss.

During the seven months ended 31 July 2016, the principal amount of MOP5,652,000 had been assigned to Mr. Lai Ieng Man as detailed in note (e) and Note 27.

(h) The balances were unsecured, non-trade in nature and repayable on demand. In the opinion of the directors, the expected date of demand for repayment would be in 2016. Therefore, the balances were classified as non-current as at 31 December 2013 and 2014 and measured at amortised cost using the effective interest method with an effective interest rate of 13% per annum at initial recognition date, resulting in a deemed distribution to the Controlling Shareholders of MOP556,000 recognised in other reserve during the year ended 31 December 2014 as the Controlling Shareholders have control in Mantaly Property and Premier Property Company Limited. The imputed interest income was subsequently recognised in profit or loss. For the year ended 31 December 2013, 2014, 2015 and 31 July 2016, imputed interest income of approximately nil, MOP157,000, MOP320,000 and MOP79,000, respectively were credited to profit or loss.

During the seven months ended 31 July 2016, the principal amount of MOP6,824,000 had been assigned to Mr. Lai Ieng Man as detailed in note (e) and Note 27.

(i) During the seven months ended 31 July 2016, the aggregated principal amounts of MOP316,000 had been assigned to Mr. Lai Ieng Man as detailed in note (e) and Note 27.

The amounts due from related parties denominated in currencies other than the functional currency of the relevant group entities are set out below:

	At 31 December			At 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
RMB	9,696	17,346	19,506	–

(b) Amounts due from (to) directors:

	At 31 December			At 31 July	Maximum amount outstanding during: Year ended 31 December			Seven months ended 31 July
	2013	2014	2015	2016	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Non-trade nature								
– Mr. Lai Ieng Man	7,366	45,492	67,985	30,470	20,538	56,235	105,772	67,985
– Mr. Lai Meng San	1,106	(182)	3,807	3,848	3,725	854	3,807	4,323
– Ms. Lai Ieng Wai	–	(90)	(667)	(667)	N/A	N/A	N/A	N/A
	8,472	45,220	71,125	33,651				
Trade nature								
– Mr. Lai Ieng Man	2,767	6,092	6,949	6,990				
	11,239	51,312	78,074	40,641				
Analysed for reporting purposes as:								
Amounts due from directors	11,239	51,584	78,741	41,308				
Amounts due to directors	–	(272)	(667)	(667)				
	11,239	51,312	78,074	40,641				

Except for the trade receivables due from Mr. Lai Ieng Man amounting to MOP2,767,000, MOP6,092,000, MOP6,949,000 and MOP6,990,000 as at 31 December 2013, 2014 and 2015 and 31 July 2016, respectively, the remaining balances are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The trade receivables due from Mr. Lai Ieng Man are repayable on demand with no fixed credit terms. As at 31 December 2013, 2014 and 2015 and 31 July 2016, the trade receivables due from Mr. Lai Ieng Man are neither past due nor impaired. The Group does not hold any collateral over this balance.

The following is an aged analysis of the trade receivables from Mr. Lai Ieng Man presented based on invoice dates at the end of each reporting period.

	At 31 December			At 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
1-30 days	2,354	3,325	84	–
31-60 days	–	–	–	41
Over 90 days	413	2,767	6,865	6,949
	2,767	6,092	6,949	6,990

All balances with directors will be settled or repaid prior to the Listing.

The Group and the Company

(c) Amount due from ultimate holding company:

		At 31 December		At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Amount due from ultimate holding company	–	–	–	1

The ultimate holding company is SHKMCL. The balance is unsecured, non-interest bearing and repayable on demand.

The Company

(d) Amounts due to subsidiaries:

The balances are unsecured, non-interest bearing and repayable on demand.

21. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

		At 31 December		At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Contracts in progress at the end of each reporting period:				
Contract costs incurred plus recognised profits less recognised losses	62,134	73,413	225,585	299,192
Less: Progress billings	(56,594)	(52,840)	(186,651)	(273,273)
	5,540	20,573	38,934	25,919
Analysed for reporting purposes as:				
Amounts due from customers for contract work	9,478	21,540	55,284	54,787
Amounts due to customers for contract work	(3,938)	(967)	(16,350)	(28,868)
	5,540	20,573	38,934	25,919

As at 31 December 2013, 2014 and 2015 and 31 July 2016, retention receivables held by customers for contract work amounting to MOP1,774,000, MOP3,025,000, MOP12,175,000 and MOP19,542,000, respectively, were set out in Note 19.

22. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/BANK OVERDRAFTS

Bank balances and cash comprise cash on hand and bank balances. Except for the interest-free bank balances amounting to MOP20,000, MOP10,000, MOP10,000 and MOP10,000 as at 31 December 2013, 2014 and 2015 and 31 July 2016, respectively, the remaining balances carry interest at prevailing market interest rates which were ranging from 0.001% to 0.01% per annum as at 31 December 2013 and 2014 and from 0.0001% to 0.01% per annum as at 31 December 2015 and 31 July 2016.

Pledged bank deposits represent deposits pledged to a bank to secure banking facilities granted to the Group. As at 31 December 2013, 2014 and 2015 and 31 July 2016, the pledged bank deposits carried fixed interest rate of 0.01% per annum.

Secured bank overdrafts carry interest at Prime Rate less 0.5% per annum and is repayable on demand. The range of effective interest rate on bank overdrafts as at 31 December 2013 and 2014 and 31 July 2016 range from 4.75% to 7.33% per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
HK$	493	1,950	218	96
RMB	10	3	–	–

23. TRADE AND OTHER PAYABLES

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The average credit period taken for trade purchase is 30 to 90 days.

	The Group				The Company
	At 31 December			At 31 July	At 31 July
	2013	**2014**	**2015**	**2016**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Trade payable	6,907	6,932	21,252	25,673	–
Retention payable *(note)*	–	90	210	1,896	–
Accruals and other payables	2,996	5,235	6,444	12,629	3,909
Total trade and other payables	9,903	12,257	27,906	40,198	3,909

note: Retention payables are interest-free and payable at the end of the defects liability period of individual contracts, ranging from 1 to 2 years from the completion date of the respective project.

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period:

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
1 – 30 days	2,038	1,862	8,075	7,278
31 – 60 days	1,516	907	4,179	6,966
61 – 90 days	838	216	682	3,263
Over 90 days	2,515	3,947	8,316	8,166
	6,907	6,932	21,252	25,673

The retention payables are to be settled within 1 to 2 years, based on the expiry of defects liability period, at the end of each reporting period.

The following is an aged analysis of retention payables which are to be settled, based on the expiry of the defects liability period, at the end of each reporting period.

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
On demand or within one year	–	31	210	1,896
After one year	–	59	–	–
	–	90	210	1,896

The Group's trade and retention payables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
HK$	133	1,430	3,705	3,783
RMB	1,834	1,556	2,126	4,680

24. BANK AND OTHER BORROWINGS

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Variable-rate bank borrowings *(note a)*	8,186	20,378	46,922	28,250
Other borrowing *(note b)*	129	86	43	21
	8,315	20,464	46,965	28,271
Carrying amounts repayable *(note c)*:				
On demand or within one year	2,211	2,738	42,367	20,466
More than one year, but not exceeding two years	781	13,127	753	458
More than two years, but not more than five years	2,261	2,353	2,448	1,456
More than five years	3,062	2,246	1,397	5,891
	8,315	20,464	46,965	28,271
Less: Amounts shown under current liabilities	(8,229)	(20,421)	(46,965)	(28,271)
Amounts shown under non-current liabilities	86	43	–	–

notes:

(a) All bank borrowings contain a repayment on demand clause and are shown under current liabilities.

(b) The amount represents the interest-free loan from Macau government in November 2008. The loan is repayable half-yearly by 14 instalments and the final instalment will be repayable in December 2016.

(c) The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The variable rate bank borrowings amounting to MOP6,686,000, MOP6,018,000, MOP5,322,000 and nil as at 31 December 2013, 2014 and 2015 and 31 July 2016, respectively, carry interest at Prime Rate less 1.5% or 2.0% per annum. The variable rate bank borrowings amounting to MOP1,500,000, MOP14,360,000 and MOP41,600,000 and MOP20,000,000 as at 31 December 2013, 2014 and 2015 and 31 July 2016, respectively, carry interests at Prime Rate plus or minus from 0.25% to 0.75% per annum. The remaining variable rate bank borrowing amounting to MOP8,250,000 as at 31 July 2016 carries interests at three months HIBOR plus 2.3% per annum. The effective interest rates on the borrowings as at 31 December 2013, 2014 and 2015 and 31 July 2016 (which are also equal to contracted interest rate) range from 4% to 6.75%, 4% to 5.5%, 4% to 5.5% and 4% to 5.5% per annum, respectively.

The Group's borrowings are denominated in both MOP and HK$. These bank borrowings are under banking facilities for drawing loans and issuing performance bonds. The banking facilities are secured by a legal charge over an office building held by the Group (included in property, plant and equipment), pledged bank deposits as disclosed in Note 22, certain properties owned by Mr. Lai Ieng Man and promissory notes endorsed by Lai Si and Well Team which were guaranteed by Mr. Lai Ieng Man, Mr. Lai Meng San and Ms. Lai Ieng Wai.

The aforesaid guarantees on the banking facilities will be released upon the Listing.

The Group's borrowings denominated in currencies other than the functional currency of the relevant group entities are set out below:

	At 31 December			At 31 July
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
HK$	–	12,360	20,600	–

25. SHARE CAPITAL

The Company has been incorporated during the period ended 31 July 2016. As at 31 July 2016, the Reorganisation has not been completed.

For the purpose of this report, the issued share capital of the Group as at 1 January 2013, 31 December 2013 and 2014 represents the combined share capital of Lai Si and Well Team. The issued share capital of the Group as at 31 December 2015 represents the combined share capital of Lai Si, Well Team and Lai Si (HK). The issued share capital of the Group as at 31 July 2016 represents the combined share capital of the Company, Lai Si, Well Team and Lai Si (HK).

Details of movements of share capital of the Company are as follows:

	Number of shares	**Share capital**
		MOP'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 June 2016 (date of incorporation) and 31 July 2016	38,000,000	391
Issued:		
Issued at 1 June 2016 (date of incorporation) and 31 July 2016	50,000	1

26. FINANCIAL INFORMATION OF THE COMPANY

Movement in the reserve of the Company is as follows:

	Accumulated losses
	MOP'000
At 1 June 2016 (date of incorporation)	–
Loss for the period	2,369
At 31 July 2016	2,369

27. MAJOR NON-CASH TRANSACTIONS

Save as disclosed in other notes, during the Track Record Period, the Group has entered into the following non-cash transactions:

(i) During the period ended 31 July 2016, dividend amounting to MOP70,000,000 declared by Lai Si were settled by way of offsetting against the amounts due from Mr. Lai Ieng Man, the director of the Company.

(ii) As at 31 July 2016, the amounts due from (to) related parties with an aggregate amount of MOP33,355,000 were assigned to Mr. Lai Ieng Man and was net off against the amount due from Mr. Lai Ieng Man.

(iii) During the period ended 31 July 2016 and the period from 5 May 2015 (date of incorporation of Lai Si (HK)) to 31 December 2015, the share capital in the Company and Lai Si (HK) of MOP515 and MOP10,000, respectively, were settled through amounts due from directors.

28. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of staff quarters, carparks and warehouses which fall due as follows:

	At 31 December			**At 31 July**
	2013	**2014**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Within one year	151	221	409	64
In the second to fifth year inclusive	13	311	104	–
	164	532	513	64

Leases are negotiated for lease terms ranging from one to three years and rentals are fixed throughout the lease period.

29. PLEDGE OF ASSETS

At the end of each reporting period, the following assets of the Group were pledged to secure the bank borrowings, bank overdrafts and credit facilities granted to the Group:

	At 31 December			At 31 July
	2013	2014	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Leasehold land and buildings included in property, plant and equipment	3,832	3,750	3,668	3,624
Pledged bank deposits *(note)*	39	648	1,051	1,051
	3,871	4,398	4,719	4,675

note: Pledged bank deposits related to sales proceeds received from certain fitting-out works projects which were pledged to secure the Group's banking facilities.

30. PERFORMANCE BONDS

As at 31 December 2013, 2014 and 2015 and 31 July 2016, the Group has issued performance bonds in respect of fitting-out, alteration and addition works and construction works contracts through a bank amounting to MOP779,000, MOP21,329,000, MOP22,285,000 and MOP22,063,000, respectively. The bonds are secured and guaranteed by pledged bank deposits as disclosed in Note 22, promissory notes endorsed by Lai Si which were guaranteed by Mr. Lai Ieng Man, Mr. Lai Meng San and Ms. Lai Ieng Wai and certain properties owned by Mr. Lai Ieng Man.

31. RETIREMENT BENEFIT PLANS

Eligible employees of the Group are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined and paid by the Macau Government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund Contribution managed by the Macau Government. The Group funds the entire contribution and has no further commitments beyond its monthly contributions.

The Group operates the MPF Scheme for all qualifying employee(s) in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,250 per month (increased to HK$1,500 per month effective from 1 June 2014) or 5% of the relevant payroll costs to the MPF Scheme.

At the end of each reporting period, there were no forfeited contributions which arose upon employees leaving the schemes prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

During the year/period, the Group has made contributions to retirement benefit schemes as follows:

	Year ended 31 December			Seven months ended 31 July	
	2013	2014	2015	2015	2016
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Contribution paid and payable	53	56	328	125	303
Less: Capitalised to contract costs	(41)	(43)	(311)	(114)	(271)
	12	13	17	11	32

32. RELATED PARTY TRANSACTIONS

(i) Transactions

Save as disclosed in other notes, during the Track Record Period, the Group entered into the following transactions with its related parties:

Related parties	Nature of transactions	Year ended 31 December 2013	2014	2015	Seven months ended 31 July 2015	2016
		MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Mr. Lai Ieng Man	Construction works provided	2,354	3,320	855	677	–
	Repair and maintenance services provided	–	5	2	2	41
Treasure Lake Greenfood Kitchen Catering Management Company Limited *(note)*	Fitting-out works provided	–	–	1,030	–	1,035
Mantaly Property (as defined in Note 20)	Repair and maintenance services provided	7	–	–	–	–
Combo Restaurant (as defined in Note 20)	Food and beverage services received	74	99	212	110	186
	Rental income	7	31	36	21	21
Blue Sky Design Studio	Administration service rendered	2	44	–	–	–
Milestone Engineering (as defined in Note 20)	Administration service rendered	19	23	–	–	–

note: Mr. Lai Meng San, one of the Controlling Shareholders and a director of the Company, has beneficial interest over the related company.

(ii) Balances

Details of the balances with related parties are set out in the combined statements of financial position and Note 20.

(iii) Pledge of assets and guarantees in support of the banking facilities

As at 31 December 2013, the Group had obtained two banking facilities from two banks which were secured by promissory notes endorsed by Lai Si and Well Team which were guaranteed by Mr. Lai Ieng Man, Mr. Lai Meng San and Ms. Lai Ieng Wai. The extent of these facilities utilised by the Group as at 31 December 2013 amounted to MOP8,430,000.

As at 31 December 2014 and 2015 and 31 July 2016, the Group had obtained three banking facilities from three banks which were secured by the followings:

(i) Properties held by Mr. Lai Ieng Man; and

(ii) Promissory notes endorsed by Lai Si and Well Team which were guaranteed by Mr. Lai Ieng Man, Mr. Lai Meng San and Ms. Lai Ieng Wai.

The extent of these facilities utilised by the Group as at 31 December 2014 and 2015 and 31 July 2016 amounted to MOP22,485,000, MOP46,922,000 and MOP28,250,000, respectively.

In the opinion of the directors of the Company, the above mentioned pledge of assets and guarantees will be released upon the Listing.

(iv) Compensation of key management personnel

The remuneration of key management personnel of the Group during the Track Record Period is as follows:

	Year ended 31 December			Seven months ended 31 July	
	2013	**2014**	**2015**	**2015**	**2016**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000* (unaudited)	*MOP'000*
Salaries and other allowance	194	641	2,358	1,714	2,834
Discretionary bonus	25	24	54	54	317
Retirement benefits scheme contributions	1	1	1	–	–
	220	666	2,413	1,768	3,151

The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

33. CONTINGENT LIABILITIES

In October 2012, one of the supporting pillars of the residential building called "Sin Fong Garden Building" collapsed due to the loss of stability. Such collapse was accused to be caused by the dismantlement and construction of the foundation work undertaken in an adjacent new residential building project, of which Lai Si was one of the contractors. As a result, in September 2015, several flat owners of Sin Fong Garden Building filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the loss of property, in a total sum of approximately HK$48,950,000, to be borne jointly by the defendants. However, according to the report issued by the team of technical advisers and experts engaged by the Macau Government to study the causes of the incident, the collapse of Sin Fong Garden Building was caused by the substandard supporting pillars of Sin Fong Garden Building, instead of the dismantlement and foundation work undertaken in the adjacent new residential building.

In October 2015, the Macau Government has further filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the costs incurred by the Macau Government for i. measures it had taken to prevent Sin Fong Garden Building from being collapsed; ii. ensuring the safety of citizens and adjacent buildings; and iii. the technical advisers and experts it had hired to study the causes of the incident, in a total sum of approximately MOP12,806,000, to be borne jointly by the defendants.

Up to the date of this report, the proceedings are still awaiting to be scheduled for the trial hearings. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and hence no provision is made to the Financial Information. The Controlling Shareholders have undertaken to indemnify the Group against all losses and liabilities arising from the above proceedings.

B. DIRECTORS' REMUNERATION

Under the arrangement presently in force, the aggregate remuneration of the Company's directors for the year ended 31 December 2016, excluding discretionary bonus, is estimated to be approximately MOP4,461,000.

C. SUBSEQUENT EVENTS

Save as disclosed in the report, subsequent to 31 July 2016, the following significant events took place:

(i) On 24 October 2016, the Group acquired a property for own use at a cash consideration of HK$67,000,000 (equivalent to approximately MOP69,010,000).

(ii) On 23 January 2017, the Reorganisation as detailed in the section headed "History, Reorganisation and corporate structure" in the Prospectus was duly completed.

(iii) In September 2016, the Group obtained a banking facility of mortgage loan and term loan of MOP48,471,000 and MOP6,188,000, respectively.

(iv) On 18 January 2017, written resolutions of the sole shareholder of the Company were passed to approve the followings:

(a) the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$10,000,000 divided into 1,000,000,000 shares by the creation of an additional 962,000,000 shares of HK$0.01 each;

(b) subject to the share premium account of the Company being credited as a result of the share offer resulting from the proposed listing, the Directors were authorised to allot and issue a total of 299,950,000 Shares, credited as fully paid at par, to the sole Shareholder by way of capitalisation of a sum of HK$2,999,500 standing to the credit of the share premium account of the Company; and

(c) the share option scheme of the Company was conditionally adopted on 18 January 2017 and the principal terms of which are set out in Appendix VI to the Prospectus.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to 31 July 2016.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the accountants' report on the financial information of the Group for each of the three years ended 31 December 2015 and seven months period ended 31 July 2016 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included in this prospectus for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Share Offer on the audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 July 2016 as if the Share Offer had taken place on that date.

This statement of unaudited pro forma 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 attributable to the owners of the Company had the Share Offer been completed as at 31 July 2016 or at any future dates.

The following statement of unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company is based on the audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 July 2016 as shown in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 July 2016	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share
	MOP'000[(1)]	*MOP'000*[(2)]	*MOP'000*	*MOP*[(3)&(4)]
Based on the Offer Price of HK$1.15 per Share	49,981	99,541	149,522	0.37

Notes:

(1) The audited combined net tangible assets of the Group as at 31 July 2016 has been 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 100,000,000 new Shares to be issued under the Share Offer and the Offer Price of HK$1.15 per Share, after deduction of the estimated underwriting fees and related expenses expected to be incurred by the Group subsequent to 31 July 2016 and does not take into account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix VI to this prospectus. For the purpose of calculating the estimated net proceeds from the Share Offer, the translation of HK$ into MOP was made at the rate of HK$1.00 to MOP1.03.

(3) The unaudited pro forma adjusted combined net tangible assets of the Group per Share is calculated based on 400,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue assumed to be on 31 July 2016 but takes no account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme 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 referred to in Appendix VI to this prospectus.

(4) By comparing the valuation of the Unit C, 9/F., Industrial Tong Lei, No. 41 Rua da Alegria, Nos. 16A-16D Avenida do Almirante Lacerda, Macau (the "Tong Lei Building") in the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 27 January 2017, the net valuation surplus is approximately MOP23,183,000 as compared to the carrying amounts of the Tong Lei Building as at 30 November 2016, which has not been included in the above combined net tangible assets of the Group. The valuation surplus of the Tong Lei Building will not be incorporated in the Group's financial statements in the future. If the valuation surplus were to be included in the combined financial statements, an additional annual depreciation charge of approximately MOP522,000 would be incurred.

(B) UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated profit per Share for the year ended 31 December 2016 has been prepared on the basis set out in the notes below for the purpose of illustrating the effect of the Share Offer, as if it had taken place on 1 January 2016. The unaudited pro forma estimated profit per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Share Offer.

Estimated combined profit attributable to owners of the Company *(Note 1)*	not less than MOP30.0 million
Unaudited pro forma estimated earnings per Share for the year ended 31 December 2016 *(Note 2)*	not less than MOP7.5 cent

Notes:

(1) The bases on which the above profit estimate has been prepared are summarized in Appendix III to this prospectus. The Directors have prepared the estimated combined profit attributable to owners of the Company for the year ended 31 December 2016 based on the audited combined results for the seven months ended 31 July 2016, the unaudited combined results based on management accounts of the Group for four months ended 30 November 2016 and an estimate of the combined results of the Group for the remaining one month ended 31 December 2016.

(2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated combined results for the year ended 31 December 2016 attributable to owners of the Company, assuming that a total of 400,000,000 Shares had been in issued during the entire year. The calculation of the estimated earnings per Share does not take into account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme 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 referred to in Appendix VI to this prospectus.

(C) ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Lai Si Enterprise Holding Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lai Si Enterprise Holding Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 31 July 2016 and the unaudited pro forma estimated earnings per share for the year ended 31 December 2016 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 27 January 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposal listing on the Main Board of The Stock Exchange of Hong Kong Limited by way of share offer (the "Share Offer") on the Group's financial position as at 31 July 2016 and the Group's earnings per share for the year ended 31 December 2016 as if the Share Offer had taken place at 31 July 2016 and 1 January 2016, respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016, on which an accountants' report set out in Appendix I to the Prospectus has been published and information about the estimate of the combined profit of the Group attributable to the owners of the Company for the year ended 31 December 2016, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 behavior.

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" issued by the HKICPA 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 unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 July 2016 or 1 January 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 January 2017

Our estimate of the combined profit for the year ended 31 December 2016 is set out in the section headed "Financial information – Profit estimate for the year ended 31 December 2016" in this prospectus.

(A) PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2016

Our Directors have prepared the estimate of the combined profit of the Group for the year ended 31 December 2016 based on the audited combined results of the Group for the seven months ended 31 July 2016, the unaudited combined results based on the management accounts of the Group for four months ended 30 November 2016 and the estimate of the combined results of the Group for the remaining one month ended 31 December 2016. The estimate has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by the Group as summarised in the accountants' report, the text of which is set out in Appendix I to this prospectus.

Profit estimate for the year ended 31 December 2016

	Estimate for the year ended 31 December 2016
Estimated combined profit attributable to owners of the Company	not less than MOP30.0 million

Note: The estimated combined profit attributable to owners of the Company for year ended 31 December 2016 has taken into account of the expected listing expenses to be incurred during year ended 31 December 2016 of approximately MOP14.1 million.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

Deloitte. 德勤

35/F One Pacific Place
88 Queensway
Hong Kong

27 January 2017

The Directors
Lai Si Enterprise Holding Limited
Unit C, 9/F.
Industrial Tong Lei
Nos. 16A-16D
Avenida do Almirante Lacerda
Macau

Messis Capital Limited
Room 1606, 16/F.
Tower 2, Admiralty Centre
18 Harcourt Road
Hong Kong

Dear Sirs,

Lai Si Enterprise Holding Limited ("the Company")

Profit Estimate for Year Ended 31 December 2016

We refer to the estimate of the combined profit of the Group attributable to equity holders of the Company for the year ended 31 December 2016 ("the Profit Estimate") set forth in the section headed Financial Information in the prospectus of the Company dated 27 January 2017 ("the Prospectus").

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited combined results of the Company and its subsidiaries (collectively referred to as "the Group") for the seven months ended 31 July 2016, the unaudited combined results based on the management accounts of the Group for the four months ended 30 November 2016 and an estimate of the combined results of the Group for the remaining one month ended 31 December 2016.

The Company's directors are solely responsible for the Profit Estimate.

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 Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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" issued by the HKICPA 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 on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 27 January 2017, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 January 2017

(C) LETTER FROM THE SPONSOR

The following in the text of a report, prepared for inclusion in this prospectus, received from Messis Capital Limited, the Sponsor, in connection with the profit estimate of the for the year ended 31 December 2016.

大 有 融 資 有 限 公 司
MESSIS CAPITAL LIMITED

The Directors
Lai Si Enterprise Holding Limited
Unit C, 9/F.
Industrial Tong Lei
Nos. 16A-16D
Avenida do Almirante Lacerda
Macau

27 January 2017

Dear Sirs,

We refer to the estimate of the combined profit of Lai Si Enterprise Holding Limited (the "**Company**", together with its subsidiaries, hereinafter collectively referred to as the "**Group**") for the year ended 31 December 2016 (the "**Profit Estimate**") as set out in the prospectus issued by the Company dated 27 January 2017 (the "**Prospectus**").

The Profit Estimate, for which the Directors are solely responsible, has been prepared by the Directors, based on the audited combined results for the seven months ended 31 July 2016, the unaudited combined results based on the management accounts of the Group for the four months ended 30 November 2016 and an estimate of the combined results of the Group for the remaining one month ended 31 December 2016.

We have discussed with you the bases upon which the Profit Estimate has been made. We have also considered the letter dated 27 January 2017 addressed to you and us from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Profit Estimate as been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible, has been made after due and careful enquiry.

For and on behalf of
Messis Capital Limited
Vincent Cheung
Managing Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 November 2016 of the property interests held for occupation by the Group.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

27 January 2017

The Board of Directors
Lai Si Enterprise Holding Limited
Unit C, 9/F.
Industrial Tong Lei
Nos. 16A-16D
Avenida do Almirante Lacerda
Macau

Dear Sirs,

In accordance with your instructions to value the property interests held by Lai Si Enterprise Holding Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in Macau, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 November 2016 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interests held for occupation by the Group, by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have caused searches to be made at the Conservatória do Registo Predial in Macau. However, we have not searched the original documents to verify the ownership or to ascertain any amendment. We have relied considerably on the advice given by the Company's Macau legal advisers – FCLAW Lawyers & Private Notaries, concerning the validity of the property interests in the Macau.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 21 April and 9 August 2016 by Mr. Isaac Yip. Mr. Isaac Yip (Msc) has 10 years' experience in the valuation of properties in Hong Kong and Macau.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (HKD). The exchange rate adopted in our valuation is approximately HKD1=MOP1.03 which was approximately the prevailing exchange rate as at the valuation date.

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Gilbert C. H. Chan
MRICS MHKIS RPS (GP)
Director

Note: Gilbert C. H. Chan is a Chartered Surveyor who has 23 years' experience in the valuation of properties in Hong Kong, Macau and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Property interests held for occupation by the Group in Macau

No.	Property	Market value in existing state as at 30 November 2016
		HKD
1.	Unit C, 9/F., Industrial Tong Lei, No. 41 Rua da Alegria, Nos. 16A-16D Avenida do Almirante Lacerda, Macau	26,000,000
2.	No. 54 Rua da Ribeira do Patane and No. 23 Travessa do Enleio, Macau	90,000,000
	Total	**116,000,000**

VALUATION CERTIFICATE

Property interests held for occupation by the Group in Macau

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2016 *HKD*
1	Unit C, 9/F., Industrial Tong Lei, No. 41 Rua da Alegria, Nos. 16A-16D Avenida do Almirante Lacerda, Macau	The property comprises a unit on the 9th floor of a 16-storey industrial building completed in 1985. The unit has a saleable area of approximately 403.94 sq.m. (or 4,348 sq.ft.). The property is held as Propriedade Privada.	As at the valuation date, a portion of the property with a saleable area of approximately 59 sq.ft. was leased to a connected party while the remaining portion was occupied by the Group for construction project management team workplace, ancillary office and storage purposes.	26,000,000 (or equivalent to MOP26,780,000)

Notes:

1. The property is situated on the northern side of Rua da Alegria close to the junction with Estrada do Repouso. The locality is characterised by low to middle-rise industrial and composite buildings.

2. The registered owner of the property is Well Team Engenharia Companhia Limitada, an indirect wholly-owned subsidiary of the Company, vide Registered No. 212404G and Application Date and No. 20/01/2011-103.

3. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrance:

   a. Hipoteca Voluntária (Mortgage) for HKD18,000,000 in favour of Banco Tai Fung, S.A vide Registered No. 207195C and Application Date and No. 02/08/2016 – 175.

4. As advised by the Company, a portion of the property with a saleable area of approximately 59 sq.ft. was leased to Combo Restaurant Management Company Limited, a connected party, at the monthly rent of MOP3,000 (all inclusive) on monthly basis and the Group will continue to lease that portion to the same tenant at the same rent for a term commencing from the date on which dealings of the Shares first commence on the Stock exchange and expiring on 31 December 2019.

5. We have been provided with a legal opinion regarding the property interest by the Company's Macau legal advisers, which contains, inter alia, the following:

   a. There is no any title defect of the property.

   b. The existing use of the property complies with the legal usage.

6. Our valuation has been made on the following basis and analysis:

   a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from HKD4,972/sq.ft. to HKD6,052/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HKD5,980/sq.ft. on saleable area basis for the subject property; and

   b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2016 *HKD*
2	No. 54 Rua da Ribeira do Patane and No. 23 Travessa do Enleio, Macau	The property comprises a 5-storey composite building with shop on the ground floor plus a cockloft and storage area on the upper floors. (please refer to note 7) It is believed that the building was completed in late 1970s or early 1980s. As per the land search record, the property has a site area of 167.44 sq.m. (or 1,802 sq.ft.). As measured from the approved floor plan, the property has a total saleable area of approximately 866.31 sq.m. (or 9,325 sq.ft.) plus roof area of approximately 125.33 sq.m. (or 1,349 sq.ft.). The breakdown of saleable area is set forth as follows: **Portion** — **Saleable Area** Shop — 231.99 sq.m. (or 2,497 sq.ft.) Storage area — 634.32 sq.m. (or 6,828 sq.ft.) The property is held as Propriedade Privada.	As at the valuation date, the property was vacant. (please refer to notes 6 & 7)	90,000,000 (or equivalent to MOP92,700,000)

Notes:

1. The property is situated on the southern side of Rua da Ribeira do Patane close to the junction with Travessa do Calão. The locality is characterised by low to middle-rise industrial and composite buildings.

2. The registered owner of the property is Companhia Construção e Engenharia Lai Si Lda. vide Registered No. 315720G and Application Date and No. 25/10/2016-160.

3. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

   a. Hipoteca Voluntária (Mortgage) for MOP55,520,000 in favour of Banco Tai Fung, S.A. vide Registered No. 210217C and Application Date and No. 25/10/2016-161.

4. Pursuant to the town planning conditions dated 22 September 2015 issued by the DSSOPT, the property is allowed for non-industrial use and restricted to a maximum height of 20.5 metres.

5. Pursuant to a real estate sale and purchase agreement dated 2 August 2016, the property was acquired by the Group at a consideration of HK$67,000,000 (equivalent to MOP69,010,000).

6. According to the information provided by the Company, the Company will renovate the building with curtain walling external elevations, which will provide with shop on the ground floor and office on the upper floors to be occupied by the Group as headquarters in Macau.

7. According to a report dated 22 August 2016 prepared by Professional Architectural & Engineering Consultancy Limited, the existing structure, layout and floor height of the subject building are suitable for conversion into commercial or residential or office use, subject to appropriate layout in compliance with any relevant buildings and fire safety regulations. Given the legal nature of private property, in accordance with Macau land law, the land owner does not require to pay additional land premium for change of use in redevelopment or renovation.

8. We have been provided with a legal opinion regarding the property interest by the Company's Macau legal advisers, which contains, inter alia, the following:

   a. The building and the land where it stands has legal nature of private property, thus, not "concessão" or "aforamento".

   b. There is no administrative constraint for any usage/purpose for the land where the building stands, other than industrial, meaning it may be licensed for housing, commercial and services usage/purpose.

9. Our valuation has been made on the following basis and analysis:

   a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from HKD16,956/sq.ft. to HKD35,821/sq.ft. for ground floor shop and from HKD4,972/sq.ft. to HKD6,052/sq.ft. for upper floor industrial unit on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at the assumed average unit rate of HKD19,686/sq.ft. for the shop and HKD5,982/sq.ft. for the storage area on saleable area basis for the subject property; and

   b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2016 under the Cayman Companies Law. The 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

1.1.1 The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the 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 the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

1.1.2 By special resolution the 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. A summary of certain provisions of the Articles is set out below.

2.1.1 Shares

(a) Classes of shares

The share capital of the Company consists of ordinary shares.

(b) Variation of rights of existing shares or classes of shares

Subject to Subject to the Cayman Companies Law, if at any time the share capital of the 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.

(c) Alteration of capital

The 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.

(d) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (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 the 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 the 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 the 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.

(e) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the 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 Securities and Futures Commission of Hong Kong.

Where the 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.

(f) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(g) 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 the 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 the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the 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.

2.1.2 Directors

(a) 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 the 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 the 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 the 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 the 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 the 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 the Company) and the 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 the 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.

(b) 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 the 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 the 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 the 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 the 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 the 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 the 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.

(c) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the 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 the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the 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.

(d) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) 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 the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided 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 the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the 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 the Company or companies with which the Company is associated in business, or may make contributions out of the 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 the Company or any of its subsidiaries) and former employees of the 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.

(f) 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 the Company in general meeting.

(g) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the 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 the 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.

(h) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the 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 the Company may be interested, and shall not be liable to account to the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 the Company or any other company which the 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 the 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 the 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 the Company by virtue only of his/their interest in those shares, debentures or other securities. 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.

2.1.3 Alterations to the constitutional documents and the 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 the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

2.1.4 Meetings of member

(a) Special and ordinary resolutions

A special resolution of the 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 the 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 the Company duly convened and held, and where relevant as a special resolution so passed.

(b) 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 the 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):

(i) at least two members;

(ii) 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

(iii) a member or members holding shares in the 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 the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised 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 the 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.

(c) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the 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.

(d) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the 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 the 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 the 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 the Company to any member by electronic means.

Although a meeting of the 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:

(a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the 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.

(e) 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.

(f) Proxies

Any member of the Company entitled to attend and vote at a meeting of the 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 the Company or at a class meeting. A proxy need not be a member of the 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.

2.1.5 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the 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 the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the 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 the 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), the 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.

The 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 the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the 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.

2.1.6 Dividends and other methods of distribution

The 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:

(a) 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;

(b) 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

(c) 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 the Company on account of calls, instalments or otherwise.

Where the Board or the 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, the Company may by ordinary resolution in respect of any one particular dividend of the 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 the 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 the 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 the Company until claimed and the 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 the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The 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.

2.1.7 Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the 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 the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

2.1.8 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 the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

2.1.9 Procedures on liquidation

A resolution that the 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:

(a) if the Company is wound up and the assets available for distribution among the members of the 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

(b) if the 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 the 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 the 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.

2.1.10 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 the Company and the 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

The Company was incorporated in the Cayman Islands as an exempted company on 1 June 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.

3.1.1 Company operations

An exempted company such as the 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.

3.1.2 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:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Cayman Companies Law;

(d) writing-off the preliminary expenses of the company; and

(e) 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.

3.1.3 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.

3.1.4 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.

3.1.5 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.

3.1.6 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 the 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.

3.1.7 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).

3.1.8 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.

3.1.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.1.10 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(a) 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 the Company or its operations; and

(b) 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 the Company:

 (aa) on or in respect of the shares, debentures or other obligations of the 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 the Company is for a period of 20 years from 2 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 the 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.

3.1.11 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.

3.1.12 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.

3.1.13 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.

3.1.14 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.

3.1.15 Register of Directors and officers

Pursuant to the Cayman Companies Law, the 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.

3.1.16 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.

3.1.17 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.

3.1.18 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.

3.1.19 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, the Company's legal adviser on Cayman Islands law, has sent to the 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 VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE GROUP

1. Incorporation

(a) The Company was incorporated in the Cayman Islands as an exempted limited liability company under the Companies Law on 1 June 2016. The Company has established the principal place of business in Hong Kong at Unit 501, 5/F., The L.Plaza, Nos. 367-375 Queen's Road Central, Hong Kong and has been registered as a non-Hong Kong company under Division 2 in Part 16 of the Companies Ordinance. Fung Kar Fai of Flat B3, 5/F., Block B, Kwong Chiu Terrace, 6 Fortress Hill Road, Hong Kong has been authorised to accept on behalf of the Company service of process and any notice required to be served on the Company.

(b) As the Company was incorporated in the Cayman Islands, its corporate structure, the Memorandum and the Articles are subject to the Cayman Islands law. A summary of the relevant provisions of the Memorandum, the Articles and certain aspects of the Cayman Islands company law is set out in Appendix V to this prospectus.

2. Changes in the share capital of the Company

The authorised share capital of the Company as at the date of incorporation was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. The following sets out the changes in the share capital of the Company since the date of incorporation:

(a) On 1 June 2016, the Company allotted and issued one Share, credited as fully paid at par, to Reid Services Limited, being an Independent Third Party, as the initial subscriber.

(b) On 1 June 2016, the Company allotted and issued 49,999 Shares, credited as fully paid at par, to SHKMCL.

(c) On 18 January 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 Shares of HK$0.01 each by the creation of additional 962,000,000 new Shares pursuant to a written resolution passed by the sole Shareholder as referred to in the section headed "A. Further information about the Group – 4. Written resolutions of the sole Shareholder" in this appendix.

As at the Latest Practicable Date, the authorised share capital of the Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. Assuming that the Share Offer becomes unconditional and the Shares under the Capitalisation Issue are issued, immediately following completion of the Share Offer and the Capitalisation Issue but without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme, the issued share capital of the Company will be HK$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid, and 600,000,000 Shares will remain unissued.

Other than the Shares which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme, the Directors do not have any present intention to issue any Share out of the authorised but unissued share capital of the Company.

3. Changes in the share capital of the subsidiaries of the Company

The subsidiaries of the Company are referred to in the accountants' report as set out in Appendix I to this prospectus. The following alterations in the share capital of the subsidiaries of the Company had taken place within the two years immediately preceding the date of this prospectus.

(a) LSMAHL

On 7 June 2016, LSMAHL allotted and issued 10 shares to the Company as the initial subscriber for the subscription price of US$10.

(b) WTMAHL

On 7 June 2016, WTMAHL allotted and issued 10 shares to the Company as the initial subscriber for the subscription price of US$10.

(c) LSHKHL

On 7 June 2016, LSHKHL allotted and issued 10 shares to the Company as the initial subscriber for the subscription price of US$10.

(d) Lai Si (HK)

On 5 May 2015, Lai Si (HK) allotted and issued 5,000 shares to each of Mr. Stanley Lai and Mr. Harry Lai as initial subscribers for the respective subscription price of HK$5,000.

4. Written resolutions of the sole Shareholder

Pursuant to the written resolutions of the sole Shareholder passed on 18 January 2017:

(a) the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 Shares of HK$0.01 each by the creation of additional 962,000,000 new Shares which shall, when issued and paid, rank pari passu in all respects with the existing issued Shares (other than participation in the Capitalisation Issue);

(b) conditional on the fulfilment or waiver of, among other things, the conditions set out in the section headed "Structure and conditions of the Share Offer – Conditions of the Public Offer" in this prospectus:

(i) the Share Offer on the terms and conditions of this prospectus and the Application Forms at the Offer Price was approved and the Directors were authorised to allot and issue the Offer Shares;

(ii) conditional further on the Listing Committee granting the listing of, and the permission to deal in, such number of Shares which may be allotted and issued upon the exercise in full of the options which may be granted under the Share Option Scheme, the Share Option Scheme was approved and adopted, and the Directors or any committee of the Board were authorised, at their sole discretion, to make such further changes to the Share Option Scheme as requested by the Stock Exchange and which they may consider necessary, desirable or expedient in connection with the grant of options to subscribe for the Shares under the Share Option Scheme up to the limits as referred to in the Share Option Scheme and to allot, issue and deal with the Shares under the exercise of any option which may be granted under the Share Option Scheme and to take all such action as they may consider necessary, desirable or expedient to implement the Share Option Scheme;

(iii) subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 299,950,000 Shares, credited as fully paid at par, to the sole Shareholder by way of capitalisation of a sum of HK$2,999,500 standing to the credit of the share premium account of the Company, and that such Shares to be allotted and issued, as nearly as possible, without involving fractions, and such Shares to rank pari passu in all respects with the then existing issued Shares;

(iv) a general unconditional mandate was granted to the Directors to exercise all powers of the Company to allot, issue and deal with the Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive the Shares) which may require the Shares to be allotted and issued or dealt with subject to the restriction that the aggregate number of Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, other than under (A) a Rights Issue (as defined below); (B) any scrip dividend scheme or similar arrangement providing for the allotment and issue of the Shares in lieu of the whole or part of a dividend on the Shares in accordance with the Articles; (C) any specific authority granted by the Shareholders in general meeting; or (D) the exercise of any option which may be granted under the Share Option Scheme, shall not exceed 20% of the number of issued Shares immediately following completion of the Share Offer and the Capitalisation Issue;

(v) a general unconditional mandate was granted to the Directors to exercise all powers of the Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which was recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as would represent up to 10% of the number of issued Shares immediately following completion of the Share Offer and the Capitalisation Issue, excluding any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme; and

(vi) the general unconditional mandate as mentioned in paragraph 4(b)(iv) above was extended by the addition to the aggregate number of Shares which may be allotted and issued or agreed to be allotted and issued by the Directors under such general mandate of an amount representing the aggregate number of Shares purchased by the Company under the mandate to repurchase Shares as referred to in paragraph 4(b)(v) above,

for the purpose of paragraph 4(b)(iv) above, "Rights Issue" means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for the Shares open for a period fixed by the Directors to the Shareholders whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the Directors may consider necessary, desirable or expedient (but in compliance with the relevant Listing Rules) in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company);

each of the general mandates referred to in paragraphs 4(b)(iv) and 4(b)(v) above would remain in effect until the earliest of (A) the conclusion of the Company's next annual general meeting; (B) the expiration of the period within which the Company's next annual general meeting is required by the Articles or any applicable laws of the Cayman Islands to be held; and (C) when varied or revoked by an ordinary resolution of the Shareholders in general meeting;

(c) the appointment of the Directors was approved and confirmed and for purpose of the Articles, each of the aforesaid Directors was deemed re-appointed as Directors by the sole Shareholder from the date of these resolutions; and

(d) the Memorandum and the Articles were approved and adopted with immediate effect and with effect from the Listing Date, respectively.

5. Reorganisation

In preparation for the Share Offer, the Group has undertaken the Reorganisation to rationalise the business and structure of the Group, details of which are set out in the section headed "History, Reorganisation and corporate structure – Corporate structure – Reorganisation" in this prospectus.

6. Repurchase of the Company's own securities

This paragraph includes information relating to the repurchase of Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Relevant legal and regulatory requirements

The Listing Rules permit the Shareholders to grant to the Directors the general mandate to repurchase Shares which are listed on the Stock Exchange. The general mandate to repurchase Shares is required to be given by way of an ordinary resolution passed by the Shareholders in general meeting.

(b) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 18 January 2017, the Directors were granted the general mandate to repurchase up to 10% of the aggregate par value of the Share in issue immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme) on the Stock Exchange or on any other stock exchange on which the Company's securities may be listed and which was recognised by the SFC and the Stock Exchange for this purpose. The general mandate to repurchase Shares will expire at the earliest of (i) the conclusion of the Company's next annual general meeting; (ii) the expiration of the period within which the Company's next annual general meeting is required by the Articles or any applicable laws of the Cayman Islands to be held; or (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**").

(c) Source of funds

Repurchase of Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles and the applicable laws of the Cayman Islands. The Company may not repurchase Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the Listing Rules. Subject to the foregoing, the Company may make repurchases out of its profit or share premium or out of the proceeds of a fresh issue of the Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of profits of the Company or out of the share premium account of the Company. Subject to the Companies Law, repurchase may also be made out of capital.

(d) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority to execute repurchases of Shares in the market. The repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made where the Directors believe that the repurchases will benefit the Company and the Shareholders.

(e) Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles, the Listing Rules, the Companies Law and other applicable laws of the Cayman Islands. On the basis of the current financial position of the Company as disclosed in this prospectus and taking into account the current working capital position of the Company, the Directors believe that, if the general mandate to repurchase Shares were to be exercised in full, it might have a material adverse effect on its working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(f) Share capital

The exercise in full of the current general mandate to repurchase Shares, on the basis of 400,000,000 Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), could accordingly result in up to 40,000,000 Shares being repurchased by the Company during the Relevant Period.

(g) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Share to the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they shall exercise the general mandate to repurchase Shares in accordance with the Listing Rules and the laws of the Cayman Islands.

If, as a result of any repurchase of the Shares, a Shareholder's proportionate interest in the voting rights is increased, the increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

None of the core connected persons of the Company has notified the Company that he or she or it has a present intention to sell his or her or its Shares to the Company, or has undertaken not to do so, if the general mandate to repurchase Shares is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

1. Summary of material contracts

The members of the Group have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus which are or may be material:

(a) the novation agreement (約務更替合同) dated 31 March 2016 entered into between Blue Sky Design Studio (藍天創作室), Mr. Stanley Lai and Lai Si, pursuant to which Blue Sky Design Studio (藍天創作室) shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP2,247.00 up to 31 March 2016 with the consent of Lai Si;

(b) the novation agreement (約務更替合同) dated 31 March 2016 entered into between Mantaly Property Company Limited (萬達利置業有限公司), Mr. Stanley Lai and Lai Si, pursuant to which Mantaly Property Company Limited (萬達利置業有限公司) shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP2,141,181.74 up to 31 March 2016 with the consent of Lai Si;

(c) the novation agreement (約務更替合同) dated 31 March 2016 entered into between Milestone Engineering Company Limited (里程工程有限公司), Mr. Stanley Lai and Lai Si, pursuant to which Milestone Engineering Company Limited (里程工程有限公司) shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP517,257.00 up to 31 March 2016 with the consent of Lai Si;

(d) the novation agreement (約務更替合同) dated 31 March 2016 entered into between Premier Property Company Limited (凱達物業有限公司), Mr. Stanley Lai and Lai Si, pursuant to which Premier Property Company Limited (凱達物業有限公司) shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP2,357,762.97 up to 31 March 2016 with the consent of Lai Si;

(e) the novation agreement (約務更替合同) dated 31 March 2016 entered into between 陽江宏高房地產發展有限公司, Mr. Stanley Lai and Lai Si, pursuant to which 陽江宏高房地產發展有限公司 shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP20,044,356.93 up to 31 March 2016 with the consent of Lai Si;

(f) the novation agreement (約務更替合同) dated 31 March 2016 entered into between Real Profit Real Estate Limited (瑞盈物業有限公司), Mr. Stanley Lai and Lai Si, pursuant to which Real Profit Real Estate Limited (瑞盈物業有限公司) shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP155.00 up to 31 March 2016 with the consent of Lai Si;

(g) the novation agreement (約務更替合同) dated 31 March 2016 entered into between Tak Nang Investment & Development Co., Ltd. (德能投資發展有限公司), Mr. Stanley Lai and Lai Si, pursuant to which Tak Nang Investment & Development Co., Ltd. (德能投資發展有限公司) shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP5,606,362.02 up to 31 March 2016 with the consent of Lai Si;

(h) the assignment agreement (轉讓合同) dated 31 March 2016 entered into between Combo, Mr. Stanley Lai and Lai Si, pursuant to which Combo shall transfer to Mr. Stanley Lai its right to receive from Lai Si the repayment of the loan of MOP46,840.80 up to 31 March 2016 with the consent of Lai Si;

(i) the assignment agreement (轉讓合同) dated 31 March 2016 entered into between Man Tong Trading (萬通貿易行), Mr. Stanley Lai and Lai Si, pursuant to which Man Tong Trading (萬通貿易行) shall transfer to Mr. Stanley Lai its right to receive from Lai Si the repayment of the loan of MOP14,420.00 up to 31 March 2016 with the consent of Lai Si;

(j) the assignment agreement (轉讓合同) dated 31 March 2016 entered into between Ms. Lai Ieng Fai (黎盈暉), Mr. Stanley Lai and Lai Si, pursuant to which Ms. Lai Ieng Fai (黎盈暉) shall transfer to Mr. Stanley Lai her right to receive from Lai Si the repayment of the loan of MOP208,060.20 up to 31 March 2016 with the consent of Lai Si;

(k) the establishment transfer agreement (場所轉讓合約) dated 2 May 2016 entered into between Mr. Stanley Lai and Lai Si regarding the transfer of Construtor Civil Lai Ieng Man (黎英萬建築商) together with all the assets and liabilities thereof from Mr. Stanley Lai to Lai Si for a cash consideration of MOP150,000;

(l) the novation agreement (約務更替合同) dated 31 July 2016 entered into between Mantaly Property Company Limited (萬達利置業有限公司), Mr. Stanley Lai and Lai Si, pursuant to which Mantaly Property Company Limited (萬達利置業有限公司) shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP2,222,904.00 up to 31 July 2016 with the consent of Lai Si;

(m) the novation agreement (約務更替合同) dated 31 July 2016 entered into between Premier Property Company Limited (凱達物業有限公司), Mr. Stanley Lai and Lai Si, pursuant to which Premier Property Company Limited (凱達物業有限公司) shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP102,483.29 up to 31 July 2016 with the consent of Lai Si;

(n) the novation agreement (約務更替合同) dated 31 July 2016 entered into between Tak Nang Investment & Development Co., Ltd. (德能投資發展有限公司), Mr. Stanley Lai and Lai Si, pursuant to which Tak Nang Investment & Development Co., Ltd. (德能投資發展有限公司) shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP46,223.01 up to 31 July 2016 with the consent of Lai Si;

(o) the novation agreement (約務更替合同) dated 31 July 2016 entered into between Lai Si Construction (Singapore) Pte. Ltd., Mr. Stanley Lai and Lai Si, pursuant to which Lai Si Construction (Singapore) Pte. Ltd. shall transfer to Mr. Stanley Lai its obligation to repay Lai Si the loan of MOP597,794.49 up to 31 July 2016 with the consent of Lai Si;

(p) the assignment agreement (轉讓合同) dated 31 July 2016 entered into between Combo, Mr. Stanley Lai and Lai Si, pursuant to which Combo shall transfer to Mr. Stanley Lai its right to receive from Lai Si the repayment of the loan of MOP11,011.20 up to 31 July 2016 with the consent of Lai Si;

(q) the lease agreement (租賃合約) dated 31 December 2016 entered into between Well Team and Combo regarding the leasing of certain portion of its property at Unit C, 9/F., Industrial Tong Lei, Nos. 16A-16D Avenida do Almirante Lacerda, Macau with a leased area of approximately 59.0 sq. ft. by Well Team to Combo at a rental of MOP3,000 per month;

(r) the reorganisation deed dated 18 January 2017 executed by Mr. Stanley Lai, Mr. Harry Lai, Ms. Karen Lai, LSMAHL, WTMAHL, LSHKHL and the Company regarding the transfer of 70% of the share capital of Lai Si from Mr. Stanley Lai to LSMAHL for a cash consideration of MOP7, 10% of the share capital of Lai Si from Ms. Karen Lai to LSMAHL for a cash consideration of MOP1, 20% of the share capital of Lai Si from Mr. Harry Lai to WTMAHL for a cash consideration of MOP2, 20% of the share capital of Well Team from Mr. Stanley Lai to WTMAHL for a cash consideration of MOP2, 60% of the share capital of Well Team from Mr. Harry Lai to WTMAHL for a cash consideration of MOP6, 20% of the share capital of Well Team from Ms. Karen Lai to LSMAHL for a cash consideration of MOP2, 50% of the issued share capital of Lai Si (HK) from Mr. Stanley Lai to LSHKHL for a cash consideration of HK$5 and 50% of the issued share capital of Lai Si (HK) from Mr. Harry Lai to LSHKHL for a cash consideration of HK$5;

(s) the Deed of Indemnity dated 18 January 2017 executed by SHKMCL, Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai in favour of the Company (for itself and as trustee for each of its subsidiaries from time to time) regarding certain indemnities as more particularly set out in the section headed "E. Other information – 1. Tax and other indemnity" in this appendix;

(t) the Deed of Non-competition dated 18 January 2017 executed by SHKMCL, Mr. Stanley Lai, Mr. Harry Lai and Ms. Karen Lai in favour of the Company (for itself and as trustee for each of its subsidiaries from time to time) regarding the non-competition undertakings as more particularly set out in the section headed "Relationship with the Controlling Shareholders – Deed of Non-competition" in this prospectus;

(u) the Catering Services Master Agreement dated 18 January 2017 entered into between the Company and Combo regarding the provision of catering services for the benefit of the employees of the Group by Combo and its subsidiaries to the Group with annual caps of MOP360,000, MOP360,000 and MOP360,000 for each of the three years ending 31 December 2019, respectively;

(v) the shares sale agreement 23 January 2017 executed by Mr. Stanley Lai, Ms. Karen Lai, LSMAHL and Ms. Chan In Fong regarding the sale of share (quota) of the capital of Lai Si with nominal value of MOP35,000 from Mr. Stanley Lai to LSMAHL for a consideration of MOP7, the sale of share (quota) of the capital of Lai Si with nominal value of MOP5,000 from Ms. Karen Lai to LSMAHL for a consideration of MOP1 and the consent of Ms. Chan In Fong to the sale of share (quota) of the capital of Lai Si with nominal value of MOP35,000 from Mr. Stanley Lai to LSMAHL;

(w) the shares sale agreement 23 January 2017 executed by Mr. Harry Lai and WTMAHL regarding the sale of share (quota) of the capital of Lai Si with nominal value of MOP10,000 from Mr. Harry Lai to WTMAHL for a consideration of MOP2;

(x) the shares sale agreement 23 January 2017 executed by Mr. Stanley Lai, Mr. Harry Lai, WTMAHL and Ms. Chan In Fong regarding the sale of share (quota) of the capital of Well Team with nominal value of MOP5,000 from Mr. Stanley Lai to WTMAHL for a consideration of MOP2, the sale of share (quota) of the capital of Well Team with nominal value of MOP15,000 from Mr. Harry Lai to WTMAHL for a consideration of MOP6 and the consent of Ms. Chan In Fong to the sale of share (quota) of the capital of Well Team with nominal value of MOP5,000 from Mr. Stanley Lai to WTMAHL;

(y) the shares sale agreement 23 January 2017 executed by Ms. Karen Lai and LSMAHL regarding the sale of share (quota) of the capital of Well Team with nominal value of MOP5,000 from Ms. Karen Lai to LSMAHL for a consideration of MOP2; and

(z) the Public Offer Underwriting Agreement dated 26 January 2017 entered into between the Company, the Controlling Shareholders, the executive Directors, the Sponsor and the Public Offer Underwriters regarding the underwriting of the Public Offer Shares by the Public Offer Underwriters as further described in the section headed "Underwriting" in this prospectus.

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, the Group had registered the following trademark:

Trademark	Owner	Trademark number	Class(Note)	Place of registration	Expiry date
LS 黎氏建築 Lai Si Construction	Lai Si	N/111528(001)	37	Macau	27 October 2023
	Lai Si	N/111529(516)	42	Macau	27 October 2023
	Lai Si (HK)	303735225	37 and 42	Hong Kong	6 April 2026

As at the Latest Practicable Date, the Group had applied for registration of the following trademark:

Trademark	Applicant	Application number	Class(Note)	Place of application	Application date
WELL TEAM	Well Team	303836205	37 and 42	Hong Kong	13 July 2016

Note:

Specifications

Class 37

Building sealing/damp-proofing [building]; building insulating; building of fair stalls and shops; burner maintenance and repair; cabinet making [repair]; carpentry services; cleaning of buildings [interior]; construction; construction consultation; demolition of buildings; factory construction; furniture maintenance; furniture restoration; installation of doors and windows; kitchen equipment installation; machinery installation, maintenance and repair; masonry; painting, interior and exterior; paper hanging/wallpapering; road paving; roofing services; sanding; scaffolding; warehouse construction and repair; and window cleaning.

Class 42

Architectural services; architectural consultancy; land surveying; and surveying.

(b) Domain name

As at the Latest Practicable Date, the Group had registered the following domain name:

Domain name	Registrant	Expiry date
www.lai-si.com	Lai Si	3 August 2017

C. FURTHER INFORMATION ABOUT THE DIRECTORS AND THE SUBSTANTIAL SHAREHOLDERS

1. Interests and/or short positions of the Directors in the shares, underlying shares and debentures of the Company or any associated corporation

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO) once the Shares are listed, or will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, once the Shares are listed, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange once the Shares are listed, will be as follows:

Director	Company concerned	Nature of interests	Class and number of securities held *(Note 1)*	Percentage of interests in the company concerned immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme)
Mr. Stanley Lai	The Company	Interest in controlled corporation	300,000,000 ordinary Shares *(L)(Note 2)*	75

Notes:

1. The letter "L" denotes the Director's long position in the Shares.

2. These 300,000,000 Shares will be directly held by SHKMCL upon the Listing. As Mr. Stanley Lai is entitled to control one-third or more of the voting power at general meetings of SHKMCL, Mr. Stanley Lai is deemed to be interested in these 300,000,000 Shares under the SFO upon the Listing.

2. Interests and/or short positions discloseable under the SFO and the Substantial Shareholders

Please refer to the section headed "Substantial Shareholders" in this prospectus for details of the person, other than a Director or chief executive of the Company, which will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

3. Particulars of service agreements and appointment letters

(a) Executive Directors

Each of the executive Directors has entered into a service agreement with the Company under which he/she has agreed to act as an executive Director for an initial term of three years commencing from the Listing Date. Either party has the right to give not less than three months' written notice to terminate the service agreement.

Each of the executive Directors is entitled to a salary and discretionary bonus. The aggregate annual salary of the executive Directors is MOP4,632,000.

(b) Independent non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with the Company under which he has agreed to act as an independent non-executive Director for an initial term of three years commencing from the Listing Date. The aggregate annual fees payable to the independent non-executive Directors is MOP250,000.

(c) Remuneration of the Directors

(i) The aggregate of the remuneration paid and benefits in kind granted to the Directors by any member of the Group in respect of the financial year ended 31 December 2015 is approximately MOP2,034,000.

(ii) The aggregate remuneration payable to, and benefits in kind receivable by, the Directors by any member of the Group in respect of the financial year ending 31 December 2017 under the arrangements in force at the date of this prospectus are estimated to be approximately MOP4,882,000.

D. SHARE OPTION SCHEME

The followings are the principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the sole Shareholder passed on 18 January 2017:

1. Conditions

(a) The Share Option Scheme is conditional upon:

(i) the Listing Committee granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit (as defined in paragraph 7(b)) to be allotted and issued by the Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and

(ii) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of the sole Shareholder.

(b) If the conditions referred to in paragraph 1(a) are not satisfied on or before the date falling 30 days after the date of this prospectus, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

(c) Reference in paragraph 1(a)(i) to the Listing Committee formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.

2. Purpose, duration and administration

(a) The purpose of the Share Option Scheme is to enable the Company to grant options to the Eligible Participants (as defined in paragraph 3(a) below) as incentives or rewards for their contribution to the Group.

(b) The Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the Share Option Scheme or their interpretation or effect shall (save for the grant of options referred to in paragraph 3(b) which shall be approved in the manner referred to therein and save as otherwise provided herein) be final and binding on all persons who may be affected thereby.

(c) Subject to paragraphs 1 and 13, the Share Option Scheme shall be valid and effective until the close of business of the Company on the date which falls 10 years (the "**Termination Date**") after the date on which the Share Option Scheme is adopted upon fulfilment of the condition (the "**Adoption Date**"), after which period no further options may be issued but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

(d) An Eligible Participant who accepts the offer in accordance with the terms of the Share Option Scheme or (where the context so permits and as referred to in paragraph 5(d)(i)) his personal representative (the "**Grantee**") shall ensure that the acceptance of an offer, the holding and exercise of his option in accordance with the Share Option Scheme, the allotment and issue of Shares to him upon the exercise of his option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Directors may, as a condition precedent of making an offer and allotting Shares upon an exercise of an option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as it may reasonably require for such purpose.

3. Grant of options

(a) Subject to paragraph 3(b), the Directors shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the Adoption Date to make an offer to any person belonging to the following classes of participants (the "**Eligible Participants**") to subscribe, and no person other than the Eligible Participant named in such offer may subscribe, for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof) at such price per Share at which a Grantee may subscribe for the Shares on the exercise of an option, as determined in accordance with paragraph 4 (the "**Subscription Price**"), as the Directors shall, subject to paragraph 4, determine:

(i) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary (the "**Eligible Employee**") or any entity in which any member of the Group holds any equity interest (the "**Invested Entity**");

(ii) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of any member of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Option Scheme, the offer may be made to any company wholly owned by one or more Eligible Participants.

For the avoidance of doubt, the grant of any option by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

(b) Without prejudice to paragraph 7(d) below, the making of an offer to any Director, chief executive of the Company or Substantial Shareholder, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an option).

(c) The eligibility of any of the Eligible Participants to an offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

(d) An offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares under the option and the "**Option Period**" (which means, in respect of any particular option, a period (which may not expire later than 10 years from the offer date of that option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the offer date to the earlier of (i) the date on which such option lapses under the provisions of paragraph 6; and (ii) 10 years from the offer date of that option) in respect of which the offer is made and further requiring the Eligible Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the offer date.

(e) An offer shall state, in addition to the matters specified in paragraph 3(d), the following:

(i) the name, address and position of the Eligible Participant;

(ii) the number of Shares under the option in respect of which the offer is made and the Subscription Price for such Shares;

(iii) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the option comprised in the offer;

(iv) the last date by which the offer must be accepted (which may not be later than 21 days from the offer date);

(v) the procedure for acceptance;

(vi) the performance target(s) (if any) that must be attained by the Eligible Participant before any option can be exercised;

(vii) such other terms and conditions of the offer as may be imposed by the Directors as are not inconsistent with the Share Option Scheme; and

(viii) a statement requiring the Eligible Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme including, without limitation, the conditions specified in, inter alia, paragraphs 2(d) and 5(a).

(f) An offer shall have been accepted by an Eligible Participant in respect of all Shares under the option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK$1 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(g) Any offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the option which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK$1 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(h) Upon an offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 3(f) or 3(g), an option in respect of the number of Shares in respect of which the offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the offer date. To the extent that the offer is not accepted within the time specified in the offer in the manner indicated in paragraph 3(f) or 3(g), it will be deemed to have been irrevocably declined.

(i) The Option Period of an option may not end later than 10 years after the Offer Date of that Option.

(j) Options will not be listed or dealt in on the Stock Exchange.

(k) For so long as the Shares are listed on the Stock Exchange:

  (i) the Company may not grant any option after inside information has come to its knowledge until it has announced the information. In particular, the Company may not grant any option during the period commencing one month immediately before the earlier of:

    (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

    (bb) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

  and ending on the date of the results announcement; and

  (ii) the Directors may not make any offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

4. Subscription Price

The Subscription Price in respect of any option shall, subject to any adjustments made pursuant to paragraph 8, be at the discretion of the Directors, provided that it shall not be less than the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and

(c) the nominal value of a Share,

except that for the purpose of calculating the Subscription Price under paragraph 4(b) above for an option offered within five Business Days of the Listing Date, the price at which the Shares are to be offered for subscription under the Share Offer shall be used as the closing price for any Business Day falling within the period before the Listing Date.

5. Exercise of options

(a) An option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any option granted to such Grantee to the extent not already exercised.

(b) Unless otherwise determined by the Directors and stated in the offer to a Grantee, a Grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

(c) Subject to, inter alia, paragraph 2(d) and the fulfilment of all terms and conditions set out in the offer, including the attainment of any performance targets stated therein (if any), an option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 5(d) and 5(e) by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the option remains unexercised is less than one board lot or where the option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given. Within 21 days (seven days in the case of an exercise pursuant to paragraph 5(d)(iii)) after receipt of the notice and, where appropriate, receipt of the certificate of the auditors or the independent financial advisers pursuant to paragraph 8, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of option by a personal representative pursuant to paragraph 5(d)(i), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his personal representative as aforesaid) a share certificate for every board lot of Shares so allotted and issued and a share certificate for the balance (if any) of the Shares so allotted and issued which do not constitute a board lot.

(d) Subject as hereinafter provided, an option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:

(i) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the Grantee may exercise the option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 5(c) within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 5(d)(iii) or 5(d)(iv) occur during such period, exercise the option pursuant to paragraph 5(d)(iii) or 5(d)(iv) respectively;

(ii) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 6(a)(iv) before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 5(c) within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 5(d)(iii) or 5(d)(iv) occur during such period, exercise the option pursuant to paragraph 5(d)(iii) or 5(d)(iv) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not;

(iii) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 5(c) at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;

(iv) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 5(c) and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his option not less than one day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up; and

(v) if the Grantee is a company wholly owned by one or more Eligible Participants:

(aa) the provisions of paragraphs 5(d)(i), 5(d)(ii), 6(a)(iv) and 6(a)(v) shall apply to the Grantee and to the options granted to such Grantee, mutatis mutandis, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 5(d)(i), 5(d)(ii), 6(a)(iv) and 6(a)(v) shall occur with respect to the relevant Eligible Participant; and

(bb) the options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(e) Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

6. Early termination of the Option Period

(a) The Option Period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall lapse on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of any of the periods referred to in paragraph 5(d);

(iii) the date of commencement of the winding-up of the Company;

(iv) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group or the Invested Entity into disrepute);

(v) in respect of a Grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that (aa) (1) such Grantee or his close associate (or his associate if such Grantee is a connected person of the Company) has committed any breach of any contract entered into between such Grantee or his close associate (or his associate if such Grantee is a connected person of the Company) on the one part and the Group or any Invested Entity on the other part; or (2) such Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) such Grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (bb) the Option shall lapse as a result of any event specified in sub-paragraph (1), (2) or (3) above; and

(vi) the date on which the Directors shall exercise the Company's right to cancel the option by reason of a breach of paragraph 5(a) by the Grantee in respect of that or any other option.

(b) A resolution of the Directors to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraph 6(a)(iv) or that any event referred to in paragraph 6(a)(v)(aa) has occurred shall be conclusive and binding on all persons who may be affected thereby.

(c) Transfer of employment of a Grantee who is an Eligible Employee from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an Eligible Employee is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

7. Maximum number of Shares available for subscription

(a) The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the issued share capital of the Company in issue from time to time. No options may be granted under the Share Option Scheme or any other share option scheme adopted by the Group if the grant of such option will result in the limit referred to in this paragraph 7(a) being exceeded.

(b) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue at the time dealings in the Shares first commence on the Stock Exchange, i.e. 40,000,000 Shares (the "**General Scheme Limit**"), provided that:

(i) subject to paragraph 7(a) and without prejudice to paragraph 7(b)(ii), the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted; and

(ii) subject to paragraph 7(a) and without prejudice to paragraph 7(b)(i), the Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph 7(b)(i) to Eligible Participants specifically identified by the Company before such approval is sought.

(c) Subject to paragraph 7(d), the total number of Shares allotted and issued and which may fall to be allotted and issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a Grantee under the Share Option Scheme would result in the Shares allotted and issued and to be allotted and issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Grantee and his close associates (or his associates if such Grantee is a connected person of the Company) abstaining from voting.

(d) Without prejudice to paragraph 3(b), where any grant of options to a Substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares allotted and issued and to be allotted and issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the offer date of each offer, in excess of HK$5 million;

such further grant of options must be approved by the Shareholders in general meeting.

(e) For the purpose of seeking the approval of the Shareholders under paragraphs 7(b), 7(c) and 7(d), the Company must send a circular to the Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

8. Adjustments to the Subscription Price

(a) In the event of any alteration in the capital structure of the Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

(i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

(ii) the Subscription Price of any option; and/or

(iii) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option,

and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

(i) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment;

(ii) no such adjustment shall be made the effect of which would be to enable a Share to be allotted and issued at less than its nominal value;

(iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(iv) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to in this paragraph 8(a), other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules (including, without limitation, the "Supplementary Guidance on Main Board Listing Rules 17.03(13) and the Note immediately after the Rule" attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

(b) If there has been any alteration in the capital structure of the Company as referred to in paragraph 8(a), the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 5(c), inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 8(a).

(c) In giving any certificate under this paragraph 8, the auditors or the independent financial adviser appointed under paragraph 8(a) shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

9. Cancellation of options

(a) Subject to paragraph 5(a) and Chapter 17 of the Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of the Directors.

(b) Where the Company cancels any option granted to a Grantee but not exercised and issues new option(s) to the same Grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or the limits approved by the Shareholders pursuant to paragraph 7(b)(i) or 7(b)(ii).

10. Share capital

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of any option.

11. Disputes

Any dispute arising in connection with the number of Shares the subject of an option, or any adjustment under paragraph 8(a) shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

12. Alteration of the Share Option Scheme

(a) Subject to paragraphs 12(b) and 12(d), the Share Option Scheme may be altered in any respect by a resolution of the Directors except that:

(i) the provisions of the Share Option Scheme as to the definitions of "Eligible Participants", "Grantee", "Option Period" and "Termination Date"; and

(ii) the provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules;

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles for a variation of the rights attached to the Shares.

(b) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(c) Any change to the authority of the Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

(d) The amended terms of the Share Option Scheme and/or the options must continue to comply with the relevant rules, codes and guidance notes of the Stock Exchange from time to time (including, without limitation, the "Supplementary Guidance on Main Board Listing Rules 17.03(13) and the Note immediately after the Rule" attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

13. Termination

The Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may be allotted and issued upon the exercise of the options granted under the Share Option Scheme, being 40,000,000 Shares in total. As at the date of this prospectus, no option had been granted by the Company under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnity

The Controlling Shareholders (together, the "**Indemnifiers**") have entered into the Deed of Indemnity to provide the following indemnities in favour of the Company (for itself and as trustee for each of the subsidiaries of the Company from time to time).

Under the Deed of Indemnity, the Indemnifiers have jointly and severally agreed, covenanted and undertaken to the Company (for itself and as trustee for each member of the Group) that they will indemnify each member of the Group against (a) all damages, losses, claims, fines, penalties, charges, fees, costs, interests, expenses (including all legal costs and expenses), actions, proceedings, depletion of assets, loss of profit, loss of business, cost of rectification, costs of removal, costs of reinstatement of property (with reference to the physical and legal status of such property at the time when such property's owner or user became a subsidiary of the Company) and any other liabilities of whatever nature (the "**Damages**") which the Company and/or any of its subsidiaries may sustain, suffer, incur or be imposed by any regulatory authority or court in Macau, Hong Kong or any applicable jurisdiction as a result of any violation or non-compliance by any member of the Group with any applicable law, rule or regulation on all matters subsisting prior to the date on which the conditions set out in the section headed "Structure and conditions of the Share Offer – Conditions of the Public Offer" in this prospectus being fulfilled (the "**Effective Date**"); (b) taxation, together with all reasonable costs (including all legal costs), expenses or other liabilities which any member of the Group may incur in connection with (i) the investigation, assessment, contesting or settlement of any taxation claim under the Deed of Indemnity; (ii) any legal proceeding in relation to taxation claim in which any member of the Group claims under or in respect of the Deed of Indemnity and in which judgment is given for any member of the Group; or (iii) the enforcement of any such settlement or judgment falling on any member of the Group resulting from or by reference to any income, profits or gains, transactions, events, acts, omissions, matters or things earned, accrued or received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the Effective Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is changeable against or attributable to any other person, firm or company; (c) any liability for Hong Kong estate duty which might be incurred by any member of the Group and/or its associated companies by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of the Group on or before the Effective Date; (d) all or any Damages which the Company and/or any of its subsidiaries may sustain, suffer and incur as a result of directly or indirectly or in connection with any litigation, proceeding, claim, investigation, inquiry, enforcement proceeding or process by any governmental, administrative or regulatory body (including but not limited to the litigations arising from the incident occurred at Sin Fong Garden Building in Macau) which (i) any member of the Group, their respective directors and/or representatives or any of them is/are involved; and/or (ii) arises due to some act or omission of, or transaction voluntarily effected by, any member of the Group or any of them (whether alone or in conjunction with some other act, omission or transaction) on or before the Effective Date; and (e) all or any Damages which the Company and/or any of its subsidiaries may sustain, suffer and incur arising from or in connection with the title defects of the properties owned by any member of the Group or any lease entered into by any member of the Group (either due to non-registration of the lease agreements or any other reasons) in any jurisdiction which were occurred on or before the Effective Date.

The Indemnifiers will not, however, be liable under the Deed of Indemnity (a) to the extent that allowance, provision or reserve has been made for taxation in the audited accounts of the Group for the Track Record Period; (b) to the extent that taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any introduction of new legislation or any retrospective change in law or the interpretation or practice by the relevant tax authority coming into force after the Effective Date or taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; (c) for which any member of the Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business on or before the Effective Date; (d) to the extent that such taxation or liability would not have arisen but for any act or omission by any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the consent of the Indemnifiers and otherwise than in the ordinary course of business on or before the Effective Date; (e) to the extent of any allowance or provision or reserve made for taxation in the audited accounts of the Group for the Track Record Period, respectively, which is finally established to be an over-allowance or over-provision or an excessive reserve provided that the amount of any such allowance or provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; (f) to the extent that the taxation claim arises or is incurred as a consequence of a change in any accounting policy or practice adopted by any other member of the Group after the Effective Date; or (g) to the extent that the Company and/or any member of the Group shall have admitted liability in respect of the circumstances giving rise to the claim for taxation after the Effective Date.

The Directors have been advised that no material liability for estate duty would be likely to fall upon the Company or any of its subsidiaries in the Cayman Islands, the BVI, Macau and Hong Kong.

2. Litigation or claims

Save as disclosed in the section headed "Business – Litigation" in this prospectus, as at the Latest Practicable Date, no member of the Group was subject to any actual, pending or threatened litigation or claims of material importance which would have a material impact on the Group's operations, financials and reputation.

3. The Sponsor

Save for the advisory and documentation fees in the amount of HK$5.3 million to be paid to Messis Capital as the Sponsor in connection with the Listing and the advisory fees to be paid to Messis Capital as the compliance adviser with effect from the Listing Date, neither Messis Capital nor its close associates has or may, as a result of the Listing, have any interest in any class of securities of the Company or any of its subsidiaries (including options or rights to subscribe for such securities).

The Sponsor has confirmed that it satisfies the independence criteria applicable to sponsors set forth in Rule 3A.07 of the Listing Rules.

4. Preliminary expenses

The estimated preliminary expenses incurred or proposed to be incurred by the Company are approximately US$6,000 and are payable by the Company.

5. Promoters

The Company has no promoter for the purpose of the Listing Rules.

6. Qualification of experts

The qualifications of the experts (as defined under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Listing Rules) who have given their opinions or advice in this prospectus are as follows:

Expert	**Qualification**
Messis Capital Limited	A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
FCLAW Lawyers & Private Notaries	Legal advisers as to Macau law
Appleby	Legal advisers as to Cayman Islands law
Deloitte Touche Tohmatsu	Certified Public Accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer
Frost & Sullivan Limited	Market research consultant
Keng Ou CPAs	Macau tax advisers

None of the experts named above has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

7. Consents of experts

Each of the Sponsor, the Macau Legal Advisers, Appleby, Deloitte Touche Tohmatsu, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, Frost & Sullivan and the Macau Tax Advisers has given and has not withdrawn its written consent to the issue of this prospectus with its statements, all of which are dated the date of this prospectus and made for incorporation in this prospectus, and references to its name included in this prospectus in the form and context in which they are included.

8. Miscellaneous

Save as disclosed in this prospectus:

(a) none of the Directors nor any of the parties listed in the section headed "E. Other information – 6. Qualification 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 the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(b) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group;

(c) no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option;

(d) the Company has not issued or agreed to issue any founder or management or deferred Shares;

(e) the Group has no outstanding debentures or convertible debt securities;

(f) no commissions, discounts, brokerages or other special terms were granted within the two years immediately preceding the date of this prospectus in connection with the issue or sale of any capital of any member of the Group, and none of the Directors nor any of the parties listed in the section headed "E. Other information – 6. Qualification of experts" in this appendix has received any such payment or benefit;

(g) within the two years immediately preceding the date of this prospectus, no commission (but not including commission to the Underwriters) had been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Share in or debenture of the Company; and

(h) in case of discrepancy, the English version of this prospectus shall prevail over the Chinese version.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all 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. Bilingual prospectus

The English version and the Chinese version of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (a) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (b) the written consents referred to in the section headed "E. Other information – 7. Consents of experts" in Appendix VI to this prospectus; (c) a copy of each of the material contracts referred to in the section headed "B. Further information about the business of the Group – 1. Summary of material contracts" in Appendix VI to this prospectus; and (d) the statement of adjustments made by Deloitte Touche Tohmatsu in arriving at the figures set out in the accountants' report in Appendix I to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Loeb & Loeb LLP at 21st Floor, CCB Tower, 3 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the service agreements and appointment letters referred to in the section headed "C. Further information about the Directors and the Substantial Shareholders – 3. Particulars of service agreements and appointment letters" in Appendix VI to this prospectus;

(c) the material contracts referred to in the section headed "B. Further information about the business of the Group – 1. Summary of material contracts" in Appendix VI to this prospectus;

(d) the written consents referred to in the section headed "E. Other information – 7. Consents of experts" in Appendix VI to this prospectus;

(e) the legal opinion issued by the Macau Legal Advisers;

(f) the letter issued by Appleby, being the legal advisers to the Company as to Cayman Islands law, summarising certain aspects of the Cayman Islands company law as referred to in Appendix V to this prospectus;

(g) the accountants' report of the Group issued by Deloitte Touche Tohmatsu, being the Company's reporting accountants, the text of which is set out in Appendix I to this prospectus;

(h) the statement of adjustments made by Deloitte Touche Tohmatsu in arriving at the figures set out in the accountants' report in Appendix I to this prospectus;

(i) the report issued by Deloitte Touche Tohmatsu, being the Company's reporting accountants, relating to the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(j) the letters relating to the profit estimate from Deloitte Touche Tohmatsu and the Sponsor, the text of which is set out in Appendix III to this prospectus;

(k) the auditor's reports on the financial statements of Lai Si and Well Team for each of the three years ended 31 December 2015 and the seven months ended 31 July 2016 and the financial statements of Lai Si (HK) for the period since its incorporation on 5 May 2015 to 31 December 2015;

(l) the letter, the summary of values and the valuation certificate issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix IV to this prospectus;

(m) the opinion issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited on rent receivable by the Group in respect of certain portion of a property in Macau;

(n) the Frost & Sullivan Report;

(o) the tax opinion issued by the Macau Tax Advisers;

(p) the Companies Law; and

(q) the Share Option Scheme.

Lai Si Enterprise Holding Limited
黎氏企業控股有限公司