



# 澳能建設控股有限公司

MECOM Power and Construction Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1183



## GLOBAL OFFERING

Sole Sponsor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



---

## IMPORTANT

---

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



# MECOM Power and Construction Limited

## 澳能建設控股有限公司

(Incorporated in the Cayman Islands with limited liability)

### GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	300,000,000 Shares (comprising 240,000,000 new Shares and 60,000,000 Sale Shares (subject to the Over-allotment Option))
Number of Hong Kong Offer Shares	:	30,000,000 Shares (subject to reallocation)
Number of International Placing Shares	:	270,000,000 Shares (comprising 210,000,000 new Shares and 60,000,000 Sale Shares (subject to reallocation and the Over-allotment Option))
Offer Price	:	not more than HK\$1.25 per Offer Share and expected to be not less than HK\$1.00 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK\$0.01 per Share
Stock Code	:	1183

*Sole Sponsor*



*Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers*



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

A copy of this prospectus, having attached thereto the documents specified in "Documents delivered to the Registrar of Companies" in Appendix VI 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.

The Offer Price is expected to be determined by an agreement to be entered into between our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around 6 February 2018, and in any case no later than 10 February 2018. The Offer Price will be not more than HK\$1.25 and is currently expected to be not less than HK\$1.00, unless otherwise announced. If our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by 10 February 2018, the Global Offering (including the Hong Kong Public Offering) will lapse and will not proceed. In such case, a notice will be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.mecommacau.com](http://www.mecommacau.com).

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, a notice will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.mecommacau.com](http://www.mecommacau.com) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" of this prospectus.

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

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants to subscribe for, the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please refer to "Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offering – Grounds for termination" of this prospectus for further details of such grounds for termination.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state in the United States, and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the U.S. The Offer Shares are being offered and sold only outside of the United States in offshore transactions in reliance on Regulations S of the U.S. Securities Act.

1 February 2018

---

## EXPECTED TIMETABLE

---

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

*(Note 1)*

Hong Kong Public Offering commences  
and **WHITE** and **YELLOW** Application Forms  
available from .....9:00 a.m. on Thursday,  
1 February 2018

Latest time to complete electronic applications  
under the **HK eIPO White Form** service through the  
designated website at [www.hkeipo.hk](http://www.hkeipo.hk) <sup>(Note 2)</sup> .....11:30 a.m. on Tuesday,  
6 February 2018

Application lists of the Hong Kong Public  
Offering Open <sup>(Note 3)</sup> .....11:45 a.m. on Tuesday,  
6 February 2018

Latest time to complete payment for the **HK eIPO**  
**White Form** applications by effecting internet  
banking transfer(s) or PPS payment transfer(s) .....12:00 noon on Tuesday,  
6 February 2018

Latest time to lodge **WHITE** and  
**YELLOW** Application Forms .....12:00 noon on Tuesday,  
6 February 2018

Latest time to give **electronic application**  
**instructions** to HKSCC <sup>(Note 4)</sup> .....12:00 noon on Tuesday,  
6 February 2018

Application lists of the Hong Kong  
Public Offering close .....12:00 noon on Tuesday,  
6 February 2018

Expected Price Determination Date <sup>(Note 5)</sup> ..... on or around Tuesday, 6 February 2018

- (i) Announcement of:  
the final Offer Price;  
the level of applications in the Hong Kong Public Offering;  
the level of indications of interest in the International Placing; and  
the basis of allocation of the Hong Kong Offer Shares,  
to be published on or before ..... Monday, 12 February 2018
- (ii) Announcement of results of allocation of the Hong Kong Public  
Offering (with identification document numbers or business  
registration numbers of successful applicants, where appropriate)  
to be available through a variety of channels as set out in  
“How to apply for Hong Kong Offer Shares – 11. Publication  
of results” of this prospectus from ..... Monday, 12 February 2018

---

## EXPECTED TIMETABLE

---

- (iii) A full announcement of the Hong Kong Public Offering containing (i) and (ii) above will be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.mecommacau.com](http://www.mecommacau.com) from . . . . . Monday, 12 February 2018

Results of allocations in the Hong Kong Public Offering will be available at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID/Business Registration Number" function from . . . . . Monday, 12 February 2018

Despatch/collection of share certificates or deposit of the share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or about<sup>(Note 6)</sup> . . . . . Monday, 12 February 2018

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or about<sup>(Notes 7 to 8)</sup> . . . . . Monday, 12 February 2018

Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . . Tuesday, 13 February 2018

---

*Notes:*

- (1) All times and dates refer to Hong Kong local time, except otherwise stated. Please refer to "Structure of the Global Offering" of this prospectus for further details of the structure of the Global Offering, including conditions of the Global Offering.
- (2) You will not be permitted to submit your application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 6 February 2018, the application lists will not open on that day. Please refer to "How to apply for Hong Kong Offer Shares – 10. Effect of bad weather on the opening of the application lists" of this prospectus for further details.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to apply for Hong Kong Offer Shares – 6. Applying by giving **electronic application instructions** to HKSCC via CCASS" of this prospectus for further details.
- (5) The Price Determination Date is expected to be on or around Tuesday, 6 February 2018. If, for any reason, the Offer Price is not agreed by Saturday, 10 February 2018 between our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse accordingly.
- (6) Share certificates for the Offer Shares are expected to be issued on or about Monday, 12 February 2018, but will only become valid certificates of title at 8:00 a.m. on Tuesday, 13 February 2018, provided that: (i) the Global Offering has become unconditional in all respects; and (ii) none of the Underwriting Agreements has been terminated in accordance with its own terms.

---

## EXPECTED TIMETABLE

---

- (7) Refund cheques or e-Auto Refund payment instructions will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.
- (8) Applicants who have applied on **WHITE** Application Forms or through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Company's Hong Kong Branch Share Registrar at Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 12 February 2018 or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques. Individual applicants who are eligible for personal collection may not authorise any other person to collect on their behalf. Corporate applicants which are eligible for personal collection may arrange for collection by their authorised representatives bearing letters of authorisation from the corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce evidence of identity acceptable to our Hong Kong Branch Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their share certificates as such share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to those bank accounts in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the addresses as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares, any uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

**The above expected timetable is a summary only. Please refer to “Structure of the Global Offering” and “How to apply for Hong Kong Offer Shares” of this prospectus for further details of the structure of the Global Offering, including the conditions of the Global Offering and the procedures for application for the Hong Kong Offer Shares.**

---

## CONTENTS

---

### IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by our Company solely in connection with the Global Offering and the Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where such would be prohibited. No action has been taken to permit a public offering of the Offer Shares in any jurisdictions other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdictions other than Hong Kong. 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 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. Our Company and the Selling Shareholders have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Selling Shareholders, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other persons or parties involved in the Global Offering.*

	<i>Page</i>
<b>Expected timetable</b> .....	i
<b>Contents</b> .....	iv
<b>Summary</b> .....	1
<b>Definitions</b> .....	15
<b>Glossary of technical terms</b> .....	28
<b>Forward-looking statements</b> .....	29
<b>Risk factors</b> .....	30
<b>Waivers and exemption from strict compliance with the Listing Rules and the Companies (WUMP) Ordinance</b> .....	48
<b>Information about this prospectus and the Global Offering</b> .....	53
<b>Directors and parties involved in the Global Offering</b> .....	59
<b>Corporate information</b> .....	63

---

## CONTENTS

---

<b>Industry overview</b> .....	65
<b>Regulatory overview</b> .....	85
<b>History, Reorganisation and corporate structure</b> .....	93
<b>Business</b> .....	109
<b>Relationship with Controlling Shareholders</b> .....	214
<b>Connected transactions</b> .....	224
<b>Directors and senior management</b> .....	244
<b>Substantial Shareholders</b> .....	256
<b>Cornerstone Investors</b> .....	258
<b>Share capital</b> .....	264
<b>Financial information</b> .....	267
<b>Future plans and use of proceeds</b> .....	327
<b>Underwriting</b> .....	342
<b>Structure of the Global Offering</b> .....	354
<b>How to apply for Hong Kong Offer Shares</b> .....	367
<b>Appendix I – Accountants’ Report</b> .....	I-1
<b>Appendix II – Unaudited pro forma financial information</b> .....	II-1
<b>Appendix III – Profit estimate for the year ended 31 December 2017</b> .....	III-1
<b>Appendix IV – Summary of the constitution of our Company and Cayman Islands company law</b> .....	IV-1
<b>Appendix V – Statutory and general information</b> .....	V-1
<b>Appendix VI – Documents delivered to the Registrar of Companies in Hong Kong and available for inspection</b> .....	VI-1

---

## SUMMARY

---

*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 of the information which may be important to you and is qualified in its entirety, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus including the appendices hereto, which constitutes an integral part of this prospectus, before you decide to invest in the Offer Shares.*

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

### **BUSINESS OVERVIEW**

We are a renowned integrated construction engineering contractor and power substations constructor in Macau. We principally engage in the provision of (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substation construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services.

Our structural steelworks services generally involve the provision of customised and target-oriented steel structure erection services. Our civil engineering construction services generally involve demolition works, ground investigation field works, site formation works, foundation works, substructures and superstructures, roads and drainage. Our fitting out and renovation works generally involve the provision of alteration, renovation and upgrading works of various types. According to the Industry Report, we ranked fifth among Macau-based construction contractors in the civil engineering (including structural steelworks) market in Macau in terms of our revenue generated from such business in 2016.

Our high voltage power substation construction and its system installation works generally involve the provision of the planning, scheduling, project management and construction of customised and technological advanced high voltage substations and power transmission infrastructure with installation of high voltage power system. According to the Industry Report, our Group ranked second in the high voltage power substation construction projects market in Macau in terms of our revenue generated from such business in 2016.

We also provide facilities management, alteration and maintenance works and services to complement our (i) structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works, to capture the business opportunities derived by the rising demand for such services in Macau. Our facilities management, alteration and maintenance works and services generally involve the provision of facilities operation and maintenance management, alteration, upgrading, maintenance works and emergency repairs of various buildings, properties and their components (especially for hotels and resorts) and high voltage power substations and systems.

Over the years, we have completed numerous landmark structural steelworks projects for certain world-class hotels and resorts in Macau. We have received numerous accolades and awards in recognition of our leading technical capabilities and quality standards for our structural steelworks, including, among others, the gold awards (Hong Kong – Macau Region) by CCMSA in 2013 for the large scale integrated resort and water-based extravaganza project, and in 2017 for the free-form exoskeleton skyscraper luxury hotel project and the ballroom and theatre roof structural steelworks of a Paris-themed casino resort in Cotai.

During the Track Record Period, most of our major projects were hotel and/or casino-related projects in Macau, including (i) Projects 1 to 5 for structural steelworks, civil engineering construction, and fitting out and renovation works projects; (ii) Projects 8 and 9 for high voltage power substation construction and its system installation works projects; and (iii) Projects 11 to 15 for facilities management, alteration and maintenance works and services projects. During the Track Record Period, we generated revenue of approximately MOP362.2 million, MOP496.0 million, MOP353.2 million and MOP344.5 million, respectively from our hotel and/or casino-related projects, representing approximately 81.2%, 91.3%, 76.0% and 88.0% of our total revenue, respectively. In case the availability of hotel and/or casino-related projects reduces, please refer to “Risk factors – Risks relating to our business – Our operation



---

## SUMMARY

---

results may be significantly affected if the availability of hotel and/or casino-related projects reduces” of this prospectus for further details.

### **Business model**

We believe that we have a unique business model comprising three distinct business streams, namely the provision of (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substation construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services in Macau. We differentiate ourselves from our competitors by providing a one-stop solution to our customers. Our construction projects are generally awarded to us through an open tender process or invitations to tender. In addition, we believe that having our own sizeable pool of direct skilled labour reduces our reliance on subcontractors for labour services and distinguishes us from other construction companies.

During the Track Record Period, all of our revenue was derived in Macau. Our Group undertakes projects from both private and public sectors. Please refer to “Business – Our projects – (i) Our business streams by sectors” of this prospectus for further details of our projects by sectors.

Depending on the nature, scale, complexity and requirements of the project awarded, we act as a main contractor or subcontractor in such projects. As a main contractor, we are responsible for the overall management of the project. As a subcontractor, we are responsible for carrying out works delegated and arranged by the main contractors in accordance with the relevant subcontracting contracts. Please refer to “Business – Our projects – (ii) Our business streams by roles” of this prospectus for further details of our roles as main contractor and subcontractor.

Depending on the scale and complexity of the project, we may engage third party subcontractors to provide ancillary construction works and labour services. Please refer to “Business – Subcontractors” of this prospectus for further details.

### **OUR COMPETITIVE STRENGTHS**

We believe that our competitive strengths are as follows:

- We are an award-winning construction contractor with diversified and high level experience and capabilities
- We have the expertise and capability to provide seamless site management and one-stop solution to our customers
- We have successfully established strong and long-term business relationship with key customers and business partners as well as subcontractors and suppliers
- We maintain a sizeable and stable pool of engineering technicians
- We have a stable and experienced management team with substantial technical experience and expertise in the construction industry

### **OUR BUSINESS STRATEGIES**

We aim to strengthen our market position as an integrated construction engineering contractor in Macau by pursuing the following strategies:

- We plan to strengthen our leading market position in the construction industry in Macau
- We plan to enhance our financial capabilities and to capture business opportunities
- We plan to strengthen our storage facilities for equipment and materials by acquiring a warehouse
- We plan to improve and expand our (i) facilities management, alteration and maintenance works and services; and (ii) structural steelworks, civil engineering construction, and fitting out and renovation works by recruiting additional staff
- We plan to enhance our machineries and equipment to expand our construction capacities

### **SALES AND CUSTOMERS**

Our tendering team is responsible for our sales and marketing activities. During the Track Record Period, we secured new businesses mainly through direct invitations for tender by customers. We also made efforts to identify new bidding opportunities through public tender and bidding avenues.

---

## SUMMARY

---

We are a renowned integrated construction engineering contractor and power substations constructor in Macau. During the Track Record Period, (a) the revenue generated from our top five customers collectively accounted for approximately 82.5%, 84.5%, 82.0% and 89.3% of our total revenue, respectively; and (b) the revenue generated from our largest customer accounted for approximately 43.8%, 27.8%, 35.2% and 53.9% of our total revenue, respectively.

Customer A, being one of our top five customers during the Track Record Period is owned as to approximately 51.22% by Melco International Development Limited, which is in turn owned as to approximately 53.19% (including beneficial interest, interest of his controlled corporations and interest of a trust in which he is one of the beneficiaries and taken to have interest by virtue of the SFO) by Mr. Ho, who is a substantial Shareholder of our Company by virtue of his 100% interest in King Dragon (a Pre-IPO Investor and a substantial Shareholder of our Company). Mr. Ho (through his 100% interest in King Dragon) is a pre-IPO investor of our Company and will hold approximately 20.0% of the issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme). Please refer to “History, Reorganisation and corporate structure – Pre-IPO Investments” of this prospectus for details. As such, upon the Listing, Customer A will become a connected person of our Company under the Listing Rules. Please refer to “Business – Customers – Our business relationship with Customer A” of this prospectus for details.

### PROCUREMENT AND SUPPLIERS

Our principal raw materials primarily include steel, fabricated steel, metal, power systems, cement, and fitting out materials. During the Track Record Period, our material costs amounted to approximately MOP80.4 million, MOP148.6 million, MOP136.2 million and MOP45.7 million, respectively, representing approximately 23.7%, 35.9%, 37.1% and 14.5% of our total cost of services, respectively.

We maintain a broad range of machineries and equipment. We generally purchase machineries and equipment that are needed to fulfil our daily minimum requirements, and hire extra machineries which are needed in order to undertake large projects. During the Track Record Period, our Group acquired machineries and equipment (including motor vehicles) in the sum of approximately MOP7.9 million, MOP2.4 million, MOP1.1 million and MOP11.4 million, respectively and incurred leasing expenses on machineries and equipment of approximately MOP5.0 million, MOP14.3 million, MOP8.1 million and MOP3.4 million, respectively.

Unless our customers require us to source raw materials from specified suppliers, we usually select suppliers from our list of qualified suppliers of different specialities whom we have procured from in the past. During the Track Record Period, we purchased our raw materials from suppliers primarily from Macau, Hong Kong and the PRC, and procured most of our machineries and equipment from Macau and Hong Kong unless otherwise specified by our customers. We procure our construction materials and machineries and equipment on a project-by-project basis according to the specific requirements of our customers.

### SUBCONTRACTORS

We may delegate certain ancillary construction services to subcontractors, depending on the scale and complexity of a particular project. We select our subcontractors from our approved list of qualified subcontractors for different types of works, and such list is reviewed and updated on a regular basis. As at the Latest Practicable Date, we maintained 203 qualified subcontractors on such list.

During the Track Record Period, our subcontracting costs amounted to approximately MOP205.5 million, MOP189.4 million, MOP151.5 million and MOP205.2 million, respectively, representing approximately 60.7%, 45.9%, 41.2% and 65.1% of our total cost of services, respectively.

### QUALITY CONTROL AND MANAGEMENT

We place considerable emphasis in maintaining the quality control of the site works. We have implemented a set of quality management plan to ensure, in particular, the quality of our

---

## SUMMARY

---

site works. We assign a team of experienced management and technical staff to be residents on site to supervise the project and monitor the construction works throughout the construction process. Our site agent coordinates with our foreman to operate and control the site work in accordance with the quality assurance plan set up by our project manager. We carry out the necessary testing during the execution of the project works as required by the contract, drawings or local authorities.

### OCCUPATIONAL HEALTH AND SAFETY

We are committed to creating a safe working environment at each of our construction sites. We have put in place measures to ensure our safety management system is effective in minimising, and where possible, eliminating the health and safety risks in our construction projects. We have implemented a safety management plan to ensure the safety of our construction projects and to avoid any potential health issues or workplace accidents.

### ENVIRONMENTAL MATTERS

We are subject to a number of environmental and safety laws and regulations in Macau, details of which are set out in “Regulatory overview” of this prospectus. It is our policy to ensure that our construction works are conducted in an environmentally responsible manner and that all our employees are fully aware of such policies.

### SUMMARY OF MATERIAL RISK FACTORS

We believe that there are certain risks involved in our operations. Many of these risks are beyond our control and can be categorised into: (i) risks relating to our business; (ii) risks relating to conducting business in Macau; (iii) risks relating to the Global Offering and our Shares; and (iv) risks relating to this prospectus. The most significant risks are summarised as follows:

- Failure to secure new projects through tender process may materially and adversely affect our sustainability and financial performance
- We are exposed to concentration risk of heavy reliance on our largest and top five customers
- Our operation results may be significantly affected if the availability of hotel and/or casino-related projects reduces
- Failure to receive progress or milestone payments or retention fees on time or in full may materially and adversely affect our liquidity position
- Cash flows of our construction projects may fluctuate
- We are exposed to the risk of termination of banking facilities by the issuing bank
- Any material underestimation of our tender price or overruns of our actual costs may materially and adversely affect our financial condition and results of operations

### MARKET AND COMPETITION

According to the Industry Report, the economy of Macau is mainly driven by the gaming industry. According to Statistics and Census Service (DSEC) of the Macau Government, casino-related constructions account for a significant portion of the construction service market in Macau as a whole. Driven by the establishment of new casino resorts and renovations of aged ones, the value of casino-related constructions reached approximately 60.4% of the total construction value in Macau in 2016. As stipulated in the 2017 and 2018 Policy Address, the Macau government will continue to develop Macau as a world tourism and leisure centre. Going forward, it is expected that the total investment in casino-related constructions will remain at a similar level in order to support the development plan.

According to the Industry Report, the civil engineering industry in Macau is fragmented and highly competitive with an estimated number of over 100 players of various scale in the industry. Large scaled players within the civil engineering industry are often non-Macau based. The top five civil engineering industry players accounted for more than 39.3% of the total market share in terms of revenue in 2016. Our Group is a contractor with a market share of approximately 0.4% in the Macau civil engineering industry in terms of our revenue generated

## SUMMARY

from such business in 2016. In contrast, the high voltage power substation market in Macau is highly concentrated, with less than 10 identifiable players to carry out high voltage power substation construction projects, and the top three players accounting for approximately over 90% of the market share. According to the Industry Report, our Group accounted for a market share of approximately 38.7% in the Macau high voltage power substation construction market and ranked us second in such market in terms of our revenue generated from such business in 2016.

According to the Industry Report, the main entry barriers to the construction industry include: (a) the contractor's reputation; (b) the labour force of the contractor; (c) the contractor's professional networks; and (d) sufficient capital flow. During the Track Record Period, our main competitors were local construction companies. We believe our competitive strengths differentiate us from our competitors and enable us to continue our growth and enhance our profitability.

### KEY OPERATIONAL AND FINANCIAL INFORMATION

#### Selected information from consolidated statements of profit or loss and other comprehensive income

The following table includes items from our consolidated statements of profit or loss and other comprehensive income which has been extracted from the Accountants' Report in Appendix I to this prospectus.

	Year ended 31 December			Eight months ended 31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Revenue	446,244	543,424	464,882	391,467
Gross profit	107,501	130,408	97,235	76,135
Profit before tax	84,275	113,139	82,918	48,724
Profit and total comprehensive income for the year/period	72,953	97,075	68,001	40,244

#### Revenue

The following table sets forth a breakdown of our revenue by business streams for the periods indicated:

	Year ended 31 December						Eight months ended 31 August	
	2014		2015		2016		2017	
	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Structural steelworks, civil engineering construction, and fitting out and renovation works	325,531	73.0	404,262	74.4	233,694	50.3	298,321	76.2
High voltage power substation construction and its system installation works	107,652	24.1	99,062	18.2	186,666	40.2	53,204	13.6
Facilities management, alteration and maintenance works and services	13,061	2.9	40,100	7.4	44,522	9.5	39,942	10.2
Total	446,244	100.0	543,424	100.0	464,882	100.0	391,467	100.0

## SUMMARY

The following table sets out a summary of our revenue by private and public sectors for the periods indicated:

	Year ended 31 December						Eight months ended 31 August	
	2014		2015		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
Private sector	387,225	86.8	515,236	94.8	296,911	63.9	362,871	92.7
Public sector	59,019	13.2	28,188	5.2	167,971	36.1	28,596	7.3
<b>Total</b>	<b>446,244</b>	<b>100.0</b>	<b>543,424</b>	<b>100.0</b>	<b>464,882</b>	<b>100.0</b>	<b>391,467</b>	<b>100.0</b>

The following table sets out a breakdown of our revenue by acting as a main contractor and subcontractor for the periods indicated:

	Year ended 31 December						Eight months ended 31 August	
	2014		2015		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
Main contractors	276,086	61.9	104,437	19.2	209,060	45.0	288,371	73.7
Subcontractors	170,158	38.1	438,987	80.8	255,822	55.0	103,096	26.3
<b>Total</b>	<b>446,244</b>	<b>100.0</b>	<b>543,424</b>	<b>100.0</b>	<b>464,882</b>	<b>100.0</b>	<b>391,467</b>	<b>100.0</b>

### *Cost of services*

The following table sets out a breakdown of our cost of services by expense nature for the periods indicated:

	Year ended 31 December						Eight months ended 31 August	
	2014		2015		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
Material costs	80,396	23.7	148,553	35.9	136,203	37.1	45,717	14.5
Direct labour costs	37,049	10.9	43,815	10.6	53,651	14.6	51,969	16.5
Subcontracting costs	205,494	60.7	189,444	45.9	151,526	41.2	205,217	65.1
Other costs	15,804	4.7	31,204	7.6	26,267	7.1	12,429	3.9
<b>Total</b>	<b>338,743</b>	<b>100.0</b>	<b>413,016</b>	<b>100.0</b>	<b>367,647</b>	<b>100.0</b>	<b>315,332</b>	<b>100.0</b>

The proportion of our material costs, direct labour costs and subcontracting costs in each project may fluctuate substantially and some of these costs are, to a certain extent, inter-related to each other due to the fact that if we engage subcontractors to perform certain works, we may require our subcontractors to arrange for and bear the costs of the relevant labours, materials, and machinery and equipment necessary to carry out such subcontracting works. As a result, the relevant material costs and direct labour costs (which we would otherwise incur ourselves if we do not engage subcontractors) would normally be factored and reflected in the subcontracting costs charged by our subcontractors.

The increase in the percentage of contribution of our material costs from approximately 23.7% of our total cost of services in 2014 to approximately 35.9% and 37.1% of our total cost of services in 2015 and 2016, respectively, was primarily attributable to an increase in costs of steels and other materials used in our two large-scale projects, including (i) a structural

## SUMMARY

steelworks and civil engineering construction project for the world's first free-form exoskeleton skyscraper luxury hotel (Project 1); and (ii) a civil engineering construction project for the podium roof steelwork of the "Ballroom" and the "Theatre" for a Paris-themed casino resort in Cotai (Project 4). Such increase in the percentage of contribution of our material costs thus led to the decrease in the percentage of contribution of our subcontracting costs from approximately 60.7% of our total cost of services in 2014 to approximately 45.9% and 41.2% of our total cost of services in 2015 and 2016, respectively.

The increase in the percentage of contribution of our subcontracting costs to approximately 65.1% of our total cost of services for the eight months ended 31 August 2017 was primarily attributable to more subcontracting works for a high-end atrium fitting out project for the world's first free-form exoskeleton skyscraper luxury hotel (Project 2) and thus led to the significant drop of the percentage of contribution of our material costs to approximately 14.5% of our total cost of services for the eight months ended 31 August 2017.

### *Gross profit and gross margin*

The following table sets out a breakdown of our gross profit and gross margin by business streams for the periods indicated:

	Year ended 31 December						Eight months ended 31 August	
	2014		2015		2016		2017	
	Gross profit MOP'000	Gross margin %	Gross profit MOP'000	Gross margin %	Gross profit MOP'000	Gross margin %	Gross profit MOP'000	Gross margin %
Structural steelworks civil engineering construction, and fitting out and renovation works	79,067	24.3	111,358	27.5	60,765	26.0	59,837	20.1
High voltage power substation construction and its system installation works	22,479	20.9	9,565	9.7	24,088	12.9	8,517	16.0
Facilities management, alteration and maintenance works and services	5,955	45.6	9,485	23.7	12,382	27.8	7,781	19.5
<b>Total/Overall</b>	<b>107,501</b>	<b>24.1</b>	<b>130,408</b>	<b>24.0</b>	<b>97,235</b>	<b>20.9</b>	<b>76,135</b>	<b>19.4</b>

The following table sets out a breakdown of our gross profit and gross margin by private and public sector for the periods indicated:

	Year ended 31 December						Eight months ended 31 August	
	2014		2015		2016		2017	
	Gross profit MOP'000	Gross margin %	Gross profit MOP'000	Gross margin %	Gross profit MOP'000	Gross margin %	Gross profit MOP'000	Gross margin %
Private sector	87,142	22.5	125,285	24.3	76,046	25.6	72,726	20.0
Public sector	20,359	34.5	5,123	18.2	21,189	12.6	3,409	11.9
<b>Total/Overall</b>	<b>107,501</b>	<b>24.1</b>	<b>130,408</b>	<b>24.0</b>	<b>97,235</b>	<b>20.9</b>	<b>76,135</b>	<b>19.4</b>

## SUMMARY

The following table sets out a breakdown of our gross profit and gross margin by acting as a main contractor or subcontractor for the periods indicated:

	Year ended 31 December						Eight months ended 31 August	
	2014		2015		2016		2017	
	Gross profit <i>MOP'000</i>	Gross margin %	Gross profit <i>MOP'000</i>	Gross margin %	Gross profit <i>MOP'000</i>	Gross margin %	Gross profit <i>MOP'000</i>	Gross margin %
Main contractors	68,201	24.7	23,547	22.5	31,490	15.1	55,792	19.3
Subcontractors	39,300	23.1	106,861	24.3	65,745	25.7	20,343	19.7
Total/Overall	<u>107,501</u>	24.1	<u>130,408</u>	24.0	<u>97,235</u>	20.9	<u>76,135</u>	19.4

### Selected information from consolidated statements of financial position

The following table sets out items from our consolidated statements of financial position which has been extracted from the Accountants' Report in Appendix I to this prospectus.

	As at 31 December			As at
	2014	2015	2016	31 August
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Non-current assets	9,168	8,889	15,882	16,668
Current assets	287,300	333,450	291,315	370,141
Current liabilities	203,906	183,602	142,259	222,827
Net current assets	83,394	149,848	149,056	147,314
Net assets	92,562	158,737	164,938	163,982

### Selected information from consolidated statements of cash flows

The following table sets out a summary of cash flows, which is extracted from our consolidated statements of cash flows in the Accountants' Report in Appendix I to this prospectus, for the periods indicated:

	Year ended 31 December			Eight months ended
	2014	2015	2016	31 August
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Net cash from operating activities	108,715	82,080	79,483	80,303
Net cash (used in)/from investing activities	(20,414)	(16,427)	(47,004)	43,732
Net cash used in financing activities	(20,207)	(29,566)	(63,853)	(36,095)
Net increase/(decrease) in cash and cash equivalents	68,094	36,087	(31,374)	87,940
Cash and cash equivalents at beginning of the year/period	<u>34,560</u>	<u>102,654</u>	<u>138,741</u>	<u>107,367</u>
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	<u>102,654</u>	<u>138,741</u>	<u>107,367</u>	<u>195,307</u>

## SUMMARY

We recorded cash outflows of approximately MOP31.4 million in 2016 primarily attributable to (i) our advances of approximately MOP27.8 million to Mr. Kuok and Mr. Lam; and (ii) a higher amount of our dividend paid of approximately MOP61.8 million in 2016 as compared to approximately MOP15.5 million, MOP30.9 million and MOP41.2 million in 2014, 2015 and for the eight months ended 31 August 2017, respectively.

### Key financial ratios

The table below sets out our certain key financial ratios as at the dates/for the periods indicated:

	Year ended/As at 31 December			Eight months ended/As at 31 August
	2014	2015	2016	2017
Gross margin	24.1%	24.0%	20.9%	19.4%
Net profit margin before interest and tax	18.9%	20.8%	17.8%	12.4%
Net profit margin	16.3%	17.9%	14.6%	10.3%
Return on equity	78.8%	61.2%	41.2%	36.8%
Return on total assets	24.6%	28.4%	22.1%	15.6%
Current ratio (times)	1.4	1.8	2.0	1.7

Our overall gross margin decreased from approximately 24.1% and 24.0% in 2014 and 2015, respectively, to:

- (1) approximately 20.9% in 2016 primarily attributable to the increase in the proportion of revenue and gross profit contribution from our high voltage power substation construction and its system installation works (which had the lowest gross margin among our three business streams) mainly due to the fact that we can generally charge a small mark-up on the costs of high voltage power systems produced by the Power Projects Partner which accounted for a major portion of our construction costs; and
- (2) approximately 19.4% for the eight months ended 31 August 2017 primarily attributable to the decrease in the gross margin of our structural steelworks, civil engineering construction, and fitting out and renovation works (which contributed approximately 78.6% of our total gross profit for the eight months ended 31 August 2017) mainly due to the adoption of a more competitive pricing strategy in tendering our large-scale projects awarded in the second half of 2016 in view of keen market competition.

Please refer to “Financial information – Principal components of profit or loss – Gross profit and gross margin” and “Financial information – Key financial ratios” of this prospectus for descriptions of the calculation and analysis of our above financial ratios.

### REASONS AND BENEFITS FOR THE LISTING

Our Directors consider that the Listing will provide the following benefits to our Group:

- (i) accommodate our Group’s capital needs for business operations and expansions;
- (ii) provide our Group with an efficient and sustainable fund raising platform;
- (iii) enhance our corporate profile and recognition in the market;
- (iv) motivate our staff with equity-based incentives;
- (v) gain more readily access to debt financing at more favourable terms than being a private company; and
- (vi) provide a reliable financial reporting and internal control system

Please refer to “Future plans and use of proceeds – Reasons and benefits for the Listing” of this prospectus for further details.



---

## SUMMARY

---

### USE OF PROCEEDS

Assuming an Offer Price of HK\$1.125 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, we estimate that the net proceeds receivable by us from the Global Offering (after deducting underwriting fees and commission and estimated expenses in connection with the Global Offering) will be approximately HK\$232.7 million. We intend to apply such net proceeds in the following manner:

- (i) approximately HK\$100.0 million, representing approximately 43.0% of our net proceeds from the Global Offering, will be used for financing the issuance of performance bonds when undertaking new projects;
- (ii) approximately HK\$54.3 million, representing approximately 23.3% of our net proceeds from the Global Offering, will be used for strengthening our storage facilities for equipment and materials by acquiring a warehouse;
- (iii) approximately HK\$40.2 million, representing approximately 17.3% of our net proceeds from the Global Offering, will be used for improving and expanding our (a) facilities management, alteration and maintenance works and services and (b) structural steel works, civil engineering, construction, and fitting out and renovation works by recruiting additional staff such as project managers, supervisors, engineers and technicians;
- (iv) approximately HK\$14.9 million, representing approximately 6.4% of our net proceeds from the Global Offering, will be used for acquiring additional machineries; and
- (v) approximately HK\$23.3 million, representing approximately 10.0% of our net proceeds from the Global Offering, will be used for our general corporate purposes and working capital.

Please refer to “Future plans and use of proceeds” of this prospectus for further details.

### DIVIDENDS AND DISTRIBUTABLE RESERVE

We declared dividends of approximately MOP15.5 million, MOP30.9 million, MOP61.8 million and MOP41.2 million to the then respective shareholders during the Track Record Period, respectively. No dividend has been declared and paid after the Track Record Period and until the Latest Practicable Date. Our Directors have absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment, subject to the applicable laws and regulations and the approval by our Shareholders. Considering our financial position, our Directors currently intend, subject to applicable laws and regulations and the approval by our Shareholders, and in the absence of any circumstances which might reduce the amount available for distribution whether by losses or otherwise, to distribute to our Shareholders no less than 40% of our profits available for distribution in respect of the year ended 31 December 2017. For subsequent years, we have no prescribed dividend policy and the amount of any dividend to be declared and paid in the future will depend on, among other things, our results of operations, cash flows and financial conditions, operating and capital requirements, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that our Directors may consider relevant. Please refer to “Financial information – Dividends and distributable reserve” of this prospectus for further details.

Our Directors confirm that, as at 31 August 2017, our Company had no distributable reserve.

---

## SUMMARY

---

### GLOBAL OFFERING STATISTICS

We have prepared the following offer statistics on the basis of the indicative Offer Prices without taking into account the 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee. We have also assumed the Over-allotment Option is not exercised.

	<b>Based on Offer Price of HK\$1.00 per Share</b>	<b>Based on Offer Price of HK\$1.25 per Share</b>
Market capitalisation of our Shares ( <i>Note 1</i> )	HK\$1,200 million	HK\$1,500 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group per Share ( <i>Notes 2 and 3</i> )	MOP0.32 (equivalent to approximately HK\$0.31)	MOP0.37 (equivalent to approximately HK\$0.36)

*Notes:*

- (1) The calculation of our market capitalisation is based on 1,200,000,000 Shares expected to be in issue immediately upon completion of the Capitalisation Issue and the Global Offering.
- (2) The unaudited pro forma adjusted consolidated net tangible assets of our Group per Share is calculated after making the adjustments referred to in “Unaudited pro forma financial information” in Appendix II to this prospectus and based on 1,200,000,000 Shares expected to be in issue immediately upon completion of the Capitalisation Issue and the Global Offering at the respective Offer Price of HK\$1.00 and HK\$1.25 per Share.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to shareholders of our Group per Share in MOP are converted into HK\$ at HK\$1.00 : MOP1.03.

### OUR CONTROLLING SHAREHOLDERS AND SELLING SHAREHOLDERS

Immediately upon completion of the Capitalisation Issue and the Global Offering and taking no account of the Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme, Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao will, through MECOM Holding, be interested in approximately 50.08% of the number of Shares in issue. As Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao have confirmed in writing that they, as parties acting in concert, have held their interest in, and collectively exercised their control over, the companies comprising our Group through their respective interests in those companies from time to time since they have become the shareholders of the respective companies comprising our Group, and that MECOM Holding will continue to control more than 30% of the number of Shares in issue, each of them will be regarded as part of the group of our Controlling Shareholders within the meaning of the Listing Rules upon Listing. Please refer to “Relationship with Controlling Shareholders” of this prospectus for further details.

The Global Offering initially consists of 300,000,000 Shares, of which 60,000,000 Shares are being offered for sale by the Selling Shareholders under the International Placing. We estimate that the net proceeds to the Selling Shareholders from the Sale Shares (after deduction of proportional underwriting fees and estimated expenses payable by our Selling Shareholders in relation to the Global Offering, and assuming an Offer Price of HK\$1.125 per Offer Share, being the mid-point of the indicative Offer Price range) will be approximately HK\$65.1 million. Our Company will not receive any of the proceeds from the sale of the Sale Shares. Please refer to “D. Other information – 12. Particulars of the Selling Shareholders” in Appendix V to this prospectus for details of the Selling Shareholders.

---

## SUMMARY

---

### PRE-IPO INVESTMENTS

On 2 June 2017, MECOM Holding entered into the Pre-IPO Agreements with each of King Dragon and One Wesco, pursuant to which MECOM Holding agreed to sell (a) 588 Shares to King Dragon at a consideration of HK\$10,800,000; and (b) 160 Shares to One Wesco at a consideration of HK\$2,938,776. King Dragon is an investment holding company which is wholly-owned by Mr. Ho. One Wesco is an investment holding company which is wholly-owned by Mr. Tam Chi Wai, an Independent Third Party. For details, please refer to “History, Reorganisation and corporate structure – Pre-IPO Investments” of this prospectus.

### NON-COMPLIANCE

Prior and during the Track Record Period, our Group failed to comply with the relevant regulations of the Complementary Income Tax Regulation in preparing and maintaining our accounts in accordance with the local financial reporting standard and in filing of the complementary tax returns to the Financial Services Bureau of the Macau Government in a timely manner. Please refer to “Business – Non-compliance” of this prospectus for details.

### LISTING EXPENSES

The total estimated listing expenses in connection with the Global Offering are approximately HK\$39.7 million (based on the mid-point of the Offer Price of HK\$1.125 per Offer Share and assuming no Over-allotment Option will be exercised), of which approximately HK\$12.7 million has been charged to our profit or loss for the eight months ended 31 August 2017, approximately HK\$0.5 million and HK\$10.0 million are expected to be charged to our profit or loss for the four months ended 31 December 2017 and the year ending 31 December 2018, respectively, approximately HK\$14.1 million is expected to be accounted for as a deduction from equity upon the Listing and the remaining amount of approximately HK\$2.4 million will be borne by the Selling Shareholders.

Our Directors are of the view that our financial results for the year ended 31 December 2017 and the year ending 31 December 2018 are expected to be adversely affected by, among others, our estimated listing expenses, the nature of which is non-recurring. Potential investors should note that our financial performance for the year ended 31 December 2017 and the year ending 31 December 2018 is expected to be adversely affected by our estimated non-recurring listing expenses mentioned above, and may or may not be comparable to our financial performance in the past.

In addition, our Directors would like to emphasise that the amount of our estimated listing expenses is a current estimate for reference only and the final amount to be recognised in our financial statements is subject to adjustment based on audit and the then changes in variables and assumptions.

### RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have continued to focus on the provision of our integrated construction engineering contracting and power substation contracting services in Macau and our business model, revenue and cost structure have remained unchanged. Based on our unaudited management accounts for the four months ended 31 December 2017, we recorded an increase in our revenue for the four months ended 31 December 2017 as compared to that for the corresponding period in 2016.

As at 31 December 2017, we had backlog revenue of approximately MOP625.6 million expected to be generated from our 49 projects on hand, of which approximately MOP495.1 million, MOP105.9 million and MOP24.6 million is estimated to be recognised as our contract revenue for the years ending 31 December 2018, 2019 and 2020, respectively.

## SUMMARY

The following table sets out the backlog of our Group as at 31 December 2017 and the amount of revenue expected to be recognised in the subsequent periods:

	Backlog		Revenue to be recognised		
	As at 31 December		Year ending 31 December		
	2017		2018	2019	2020
	<i>MOP'000</i>	%	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Structural steelworks, civil engineering construction, and fitting out and renovation works	234,302	37.5	211,559	22,743	–
High voltage power substation construction and its system installation works	249,019	39.8	212,287	36,732	–
Facilities management, alteration and maintenance works and services	142,303	22.7	71,231	46,398	24,674
<b>Total</b>	<b>625,624</b>	<b>100.0</b>	<b>495,077</b>	<b>105,873</b>	<b>24,674</b>

*Note:* In estimating our backlog revenue to be recognised in the period ending 31 December 2020, after prudent and careful consideration, our Directors had only considered the projects which our Group had signed letters of award or letters of acceptance and had not taken into account of (i) our Tender-submitted Projects; and (ii) our Potential Projects. For further details of our Tender-submitted Projects and Potential Projects, please refer to “Future plans and use of proceeds – Funds to be locked up for issuance of performance bonds for new projects” of this prospectus.

Should there be no new projects secured by our Group subsequent to the Latest Practicable Date, based on the backlog revenue for the year ending 31 December 2018 and excluding the impact of our estimated listing expenses in connection with the Global Offering for the year ended 31 December 2017 and the year ending 31 December 2018, our current anticipated net profit for the year ending 31 December 2018 is still unable to level with our estimated net profit for the year ended 31 December 2017 as set forth in “Profit estimate for the year ended 31 December 2017” in this section.

Potential investors are reminded that our anticipated net profit for the year ending 31 December 2018 is hypothetical in nature and may not be considered and/or is not a forecast in relation to our Group’s future performance. Besides, potential investors should not place undue reliance on the backlog revenue that only reflects the situation as at the Latest Practicable Date and should exercise the highest caution in making comparison as to the backlog revenue and any of our historical financial results (whether contained in this prospectus or in the Accountants’ Report set out in Appendix I to this prospectus), given that the backlog revenue (a) is not a historical fact; (b) was determined based only on the projects which our Group had signed letters of award or letters of acceptance as at the Latest Practicable Date without considering any potential projects which our Group may subsequently secure in the period ending 31 December 2020 (including our Tender-submitted Projects and Potential Projects); (c) was arrived at after taking into account of various bases and assumptions (among others, our Director’s estimation of project progress based on the master construction programme issued by the relevant project owners) which are inherently susceptible to any unforeseeable material changes or development in the future, highlighted in the paragraph above; and (d) is subject to the materialisation of any of the risks set out in “Risk factors” of this prospectus. Further information in this regard is also set out in “Forward-looking statements” of this prospectus.

Our Directors confirm that there has been no material adverse change in (i) our business operations and business environment in which we are operating and (ii) our financial or trading position or prospects subsequent to the Track Record Period, including the four months ended 31 December 2017 and up to the date of this prospectus. Nonetheless, we currently expect that our financial results for the year ended 31 December 2017 and the year ending 31 December 2018 will be adversely impacted by our non-recurring listing expenses recognised and to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income. Please refer to “Financial information – Listing expenses” of this prospectus for further details of our listing expenses.

Potential investors should note that our financial information after the Track Record Period is unaudited and may not reflect the full year results for the year ended 31 December 2017 and the year ending 31 December 2018 and may be subject to adjustments based on the audit.

---

## SUMMARY

---

### ACCIDENT

In July 2017, a fatal accident occurred at a construction site where we were engaged as a main contractor for certain construction works. During the craning works operated by a subcontractor of our Group, a crane arm and hoister of the jib crane fell down. Two construction workers were hit by the falling craning arm and one construction worker was hit by other falling object. As a result of the accident, one construction worker (being a non-resident construction worker employed by us who was proposed by and worked under the direction of the said subcontractor to carry out certain subcontracting ancillary construction works at the construction site) was fatally injured and two other construction workers (who were employed by other employers) suffered less severe injuries and were later discharged from the hospital. Our Directors consider that the accident does not have any material adverse impact on our Group's operations and financial position. Please refer to "Business – Occupational health and safety – Accident" of this prospectus for further details.

### PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2017

Our Directors estimate, on the bases set out in Appendix III to this prospectus, that our estimated consolidated profit attributable to owners of our Company and unaudited pro forma estimated earnings per Share for the year ended 31 December 2017 as follows:

Estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2017 . . . . .	not less than MOP55.0 million
Unaudited pro forma estimated earnings per Share for the year ended 31 December 2017 . . . . .	not less than MOP0.04

The profit estimate, for which our Directors are solely responsible, has been prepared by them based on (i) the audited consolidated results of our Group for the eight months ended 31 August 2017 set out in the Accountants' Report in Appendix I to this prospectus; and (ii) the unaudited consolidated results based on the management accounts of our Group for the four months ended 31 December 2017.

The calculation of the unaudited pro forma estimated earnings per Share for the year ended 31 December 2017 is based on the estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2017 and on the assumptions that a total number of 1,200,000,000 Shares had been in issue throughout the year ended 31 December 2017, without taking into account of any Shares which (i) may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued upon exercise of the Over-allotment Option; or (ii) any Shares may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus.

---

## DEFINITIONS

---

*In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Technical terms in relation to our Group's industry and business operations are explained in "Glossary of technical terms" of this prospectus.*

"Accountants' Report"	the accountants' report from Deloitte Touche Tohmatsu as set out in Appendix I to this prospectus
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Form(s)"	the <b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s) or, where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of our Company conditionally adopted on 23 January 2018 to take effect upon Listing, a summary of which is set out in Appendix IV to this prospectus, and as amended, supplemented or otherwise modified from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Awarded Project(s)"	project(s) awarded to our Group but for which construction works have not yet commenced as at the Latest Practicable Date
"Board" or "Board of Directors"	the board of Directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to "A. Further information about our Group – 3. Resolutions in writing of our Shareholders passed on 23 January 2018" in Appendix V to this prospectus

---

## DEFINITIONS

---

“Cayman Companies Law” or “Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant(s)”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant(s)”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant(s)”	a CCASS Clearing Participant, or a CCASS Custodian Participant or a CCASS Investor Participant
“CCMSA”	China Construction Metal Structure Association (中國建築金屬結構協會)
“Class A Contractor”	a contractor registered with DSSOPT in class A category (the highest ranking) for bidding public works projects with contract value of MOP 2 million or more under 公共工程諮詢標系統化制度 (Systematic System of Invitation of Tender for Public Works Projects*)
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	MECOM Power and Construction Limited (澳能建設控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 May 2017

---

## DEFINITIONS

---

“Concert Parties Confirmation”	concert parties confirmation dated 14 July 2017 entered into among Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao in respect of the concert parties arrangement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and in the context of our Company as at the Latest Practicable Date, included Mr. Kuok, Mr. Sou, Mr. Lam, Mr. Lao and MECOM Holding
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 23 January 2018 entered into by the Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), the details of which are set out in “D. Other information – 2. Tax and other indemnities” in Appendix V to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 23 January 2018 entered into by our Controlling Shareholders in favour of our Company, particulars of which are set out in “Relationship with Controlling Shareholders – Non-Competition undertakings” of this prospectus
“Director(s)”	the director(s) of our 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)
“Engenharia Hung Yip”	Engenharia Hung Yip (鴻業工程), the business enterprise held by EHY Construction and Engineering
“EHY Construction and Engineering”	EHY Construction and Engineering Company Limited (in Portuguese, Companhia de Construção e Engenharia EHY Limitada, and in Chinese, 鴻業建築工程有限公司), a limited liability company incorporated in Macau on 7 September 2010 and our indirect wholly-owned subsidiary



---

## DEFINITIONS

---

“F&S”	Frost & Sullivan Limited, an international market research consultant and an Independent Third Party
“Global Offering”	the Hong Kong Public Offering and the International Placing
“ <b>GREEN</b> Application Form(s)”	the application form(s) to be completed by the <b>HK eIPO White Form</b> Service Provider, Tricor Investor Services Limited
“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require), or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$”, “HKD” or “HK dollar(s)”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“ <b>HK eIPO White Form</b> ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting the application online through the designated website of <b>HK eIPO White Form</b> at <b>www.hkeipo.hk</b>
“ <b>HK eIPO White Form</b> Service Provider”	the <b>HK eIPO White Form</b> Service provider designated by our Company, as specified on the designated website at <b>www.hkeipo.hk</b>
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited

---

## DEFINITIONS

---

“Hong Kong Offer Shares”	the 30,000,000 new Shares being initially offered by our Company at the Offer Price pursuant to the Hong Kong Public Offering, subject to reallocation as described in “Structure of the Global Offering” of this prospectus
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares by our Company for subscription to members of the public in Hong Kong at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in “Structure of the Global Offering – Hong Kong Public Offering” of this prospectus
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as set out in “Underwriting – Hong Kong Underwriters” of this prospectus
“Hong Kong Underwriting Agreement”	the Hong Kong underwriting agreement dated 31 January 2018 relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters
“IFRS”	International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board, as amended from time to time
“Independent Third Party(ies)”	third party(ies) who is(are) not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of our Company or any of its subsidiaries or any of their respective associates
“Industry Report”	the market research report provided by F&S, which was commissioned by our Group in relation to, among other things, the overview of the industries in which our Group operates or intends to operate

---

## DEFINITIONS

---

“Innovax Capital” or “Sole Sponsor”	Innovax Capital Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO), being the Sole Sponsor to the Listing
“Innovax Securities”	Innovax Securities Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities (as defined under the SFO), being one of the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
“International Placing”	the conditional placing of the International Placing Shares by the International Underwriters for and on behalf of our Company to professional, institutional and other investors at the Offer Price on and subject to the terms and conditions under the International Underwriting Agreement, as further described in “Structure of the Global Offering” of this prospectus
“International Placing Shares”	the 270,000,000 Shares which comprise 210,000,000 new Shares initially being offered by our Company for subscription and 60,000,000 Sale Shares being offered by the Selling Shareholders for purchase under the International Placing, together with, where relevant, any additional Shares that may be issued by our Company pursuant to any exercise of the Over-allotment Option
“International Underwriters”	the group of underwriters for the International Placing who are expected to enter into the International Underwriting Agreement
“International Underwriting Agreement”	the international placing underwriting agreement relating to the International Placing to be entered into on or about 6 February 2018 but no later than 10 February 2018 by, among others, our Company, the Selling Shareholders, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the International Underwriters
“Joint Global Coordinators” and “Joint Bookrunners”	Innovax Securities and Sinolink Securities

---

## DEFINITIONS

---

“Joint Lead Managers”	Innovax Securities, Sinolink Securities, Sinomax Securities, ZMF Asset Management and Yuanta Securities
“King Dragon”	King Dragon Ventures Limited, a limited liability company incorporated in the BVI on 3 March 2011 and wholly-owned by Mr. Ho, and one of the Selling Shareholders
“Latest Practicable Date”	22 January 2018, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
“Listing”	the commencement of trading of our Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date expected to be on or about Tuesday, 13 February 2018, on which our Shares are first listed and from which dealings in our Shares are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Macau Legal Advisers”	MdME   Lawyers   Private Notary, our legal advisers as to Macau law
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“MECOM EHY”	MECOM EHY Limited, a limited liability company incorporated in the BVI on 10 May 2017 and our direct wholly-owned subsidiary
“MECOM Holding”	MECOM Holding Limited, a limited liability company incorporated in the BVI on 28 April 2017 and one of our Controlling Shareholders

---

## DEFINITIONS

---

“MECOM Hung Yip”	MECOM Hung Yip Limited, a limited liability company incorporated in the BVI on 10 May 2017 and our direct wholly-owned subsidiary
“MECOM Sun Hung Yip”	MECOM Sun Hung Yip Limited, a limited liability company incorporated in the BVI on 10 May 2017 and our direct wholly-owned subsidiary
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company adopted on 23 January 2018 with immediate effect, a summary of which is set out in Appendix IV to this prospectus, and as amended from time to time
“MOP”	Macanese pataca, the lawful currency of Macau
“Mr. Ho”	Mr. Ho Lawrence Yau Lung, one of our substantial Shareholders
“Mr. Kuok”	Mr. Kuok Lam Sek, an executive Director and one of our Controlling Shareholders
“Mr. Sou”	Mr. Sou Kun Tou, an executive Director and one of our Controlling Shareholders
“Mr. Lam”	Mr. Lam Kuok Wa, a member of our senior management and one of our Controlling Shareholders
“Mr. Lao”	Mr. Lao Ka Wa, a member of our senior management and one of our Controlling Shareholders
“Offer Price”	the final price per Offer Share (exclusive of brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%), which will be not more than HK\$1.25 per Offer Share and is expected to be not less than HK\$1.00 per Offer Share, such price to be fixed on or before the Price Determination Date
“Offer Share(s)”	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares allotted and issued pursuant to the exercise of the Over-allotment Option

---

## DEFINITIONS

---

“One Wesco”	One Wesco Inc., a limited liability company incorporated in the BVI on 11 May 2017 and wholly-owned by Mr. Tam Chi Wai, an Independent Third Party, and one of the Selling Shareholders
“Over-allotment Option”	the option proposed to be granted by our Company to the International Underwriters and exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, under which the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) may require our Company to allot and issue up to an aggregate of 45,000,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, for the sole purpose of covering any over-allocations in the International Placing, if any, as further described in “Structure of the Global Offering” of this prospectus
“Potential Project(s)”	project(s) that our Group had identified based on information available in the public domain and/or invitations to tender and had not submitted tender proposals for as at the Latest Practicable Date
“Power Projects Partner”	a leading global power generation solutions provider, being our partner of the consortium arrangement in relation to our high voltage power substation construction and its system installation works projects and an independent Third Party
“PRC” or “China”	the People’s Republic of China which, for the purpose of this prospectus (unless otherwise indicated), excludes Hong Kong, Macau and Taiwan
“Pre-IPO Investments”	the investments in our Company by the Pre-IPO Investors please refer to “History, Reorganisation and corporate structure – Pre-IPO Investments” of this prospectus for details
“Pre-IPO Investors”	King Dragon and One Wesco

---

## DEFINITIONS

---

“Price Determination Agreement”	the agreement to be entered into between our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to determine and record the Offer Price
“Price Determination Date”	the date, expected to be on or around Tuesday, 6 February 2018 (Hong Kong time) but no later than Saturday, 10 February 2018, on which the Offer Price is determined for the purpose of the Global Offering
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of the companies within our Group as set out in “History, Reorganisation and corporate structure” of this prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the 60,000,000 existing Shares being offered for sale by the Selling Shareholders at the Offer Price under the International Placing
“Selling Shareholders”	King Dragon and One Wesco, the vendors of the Sale Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 23 January 2018, the principal terms of which are set out in “D. Other information – 1. Share Option Scheme” in Appendix V to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)

---

## DEFINITIONS

---

“SHY Engineering Construction”	Sun Hung Yip Engineering Construction Company Limited (in Portuguese, Companhia de Engenharia e Construção Sun Hung Yip, Limitada, and in Chinese, 新鴻業工程建築有限公司), a limited liability company incorporated in Macau on 12 March 2008 and our indirect wholly-owned subsidiary
“Sinolink Securities”	Sinolink Securities (Hong Kong) Company Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities (as defined under the SFO), being one of the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
“Sinomax Securities”	Sinomax Securities Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities (as defined under the SFO), being one of the Joint Lead Managers
“sq.ft.”	square feet
“sq.m.”	square metres
“Stabilising Manager”	Sinolink Securities
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into by MECOM Holding and the Stabilising Manager on or around the Price Determination Date, pursuant to which the Stabilising Manager may borrow up to 45,000,000 Shares to cover any over-allocation in the International Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time



---

## DEFINITIONS

---

“Tender-submitted Project(s)”	project(s) that our Group had submitted tender proposals for and was in the process of tendering and the tender results had not been released as at the Latest Practicable Date
“Track Record Period”	the three years ended 31 December 2014, 2015 and 2016 and the eight months ended 31 August 2017, respectively; and the phrase “during the Track Record Period”, followed by a series of figures or percentages, refers to information relating to the three years ended 31 December 2014, 2015 and 2016 and the eight months ended 31 August 2017, respectively
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$” or “USD”	United States dollar, the lawful currency of the United States
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“ <b>WHITE</b> Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the applicant’s own name
“ <b>YELLOW</b> Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
“Yuanta Securities”	Yuanta Securities (Hong Kong) Company Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities (as defined under the SFO), being one of the Joint Lead Managers

---

## DEFINITIONS

---

“ZMF Asset Management”	ZMF Asset Management Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities (as defined under the SFO), being one of the Joint Lead Managers
“%”	per cent

*In this prospectus, unless expressly stated or the context requires otherwise:*

- *all information and data is as at the Latest Practicable Date;*
- *certain amounts and percentage figures, including but not limited to, shareholdings and operating data, may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them;*
- *all references to any shareholdings in our Company assume no exercise of the Over-allotment Option unless otherwise specified;*
- *English names marked with “\*” are unofficial English translations of the Chinese names of, among others, entities, laws or regulations or government authorities, that do not have official English names. Such English translations are for provided for identification purposes only. If there is any inconsistency between the Chinese name and the English translation, the Chinese name shall prevail; and*
- *if there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.*

---

## GLOSSARY OF TECHNICAL TERMS

---

*This glossary contains explanations of certain terms used in this prospectus in connection with our Group and our business. The terminology contained in this glossary and their given meanings may not correspond to standard industry meaning or usage of these terms.*

“CAGR”	compound annual growth rate
“ELV”	extra low voltage
“E&M works”	electrical and mechanical works, which include HVAC, LV and ELV works
“GDP”	gross domestic product
“HVAC”	heating, ventilation and air conditioning
“kV”	kilovolt
“LPG”	liquid petroleum gas
“LV”	low voltage systems
“NSC”	nominated subcontractor, a subcontractor that is selected by the customer to carry out certain segment or element of the works
“P&D works”	plumbing and drainage works
“private sector”	the project owner(s) include property developers, hotel and resort owners or operators
“public sector”	the project owner(s) include the Macau government or other government agencies, tertiary education institutions, public hospitals, infrastructure, utilities or statutory bodies in Macau
“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

---

## FORWARD-LOOKING STATEMENTS

---

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. These forward-looking statements include, but are not limited to, statements relating to:

- our operations and business prospects;
- future developments, trends and competition in industries and markets in which we operate;
- our business strategies and plans;
- the prospective financial information regarding our business;
- our future financial condition and results of operations;
- future development of our business;
- general economic conditions of Macau; and
- changes to regulatory and operating conditions in the markets in which we operate.

In some cases we use words such as “believe”, “seek”, “intend”, “anticipate”, “estimate”, “project”, “plan”, “potential”, “will”, “may”, “should”, “expect” and other similar expressions to identify forward looking statements. All statements other than statements of historical facts included in this prospectus, including statements regarding our future financial position, strategy, projected costs and plans and objectives of management for future operations, are forward looking statements. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct, and you are cautioned not to place undue reliance on such statements.

Furthermore, these forward looking statements merely reflect our current view with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward looking statements as a result of a number of factors, including, without limitation, factors disclosed in “Risk factors” of this prospectus and elsewhere in this prospectus.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Owing to such risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

---

## RISK FACTORS

---

*Potential investors should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the following risks associated with an investment in our Company before making any investment decision in relation to our Company. You should pay particular attention to the fact that our Company was incorporated in the Cayman Islands and our Group has operations conducted outside Hong Kong and are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below may have a material adverse effect on our business, results of operations, financial condition or on the trading price of our Shares, and may cause you to lose all or part of your investment.*

We believe that there are certain risks and uncertainties in relation to our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to conducting business in Macau; (iii) risks relating to the Global Offering and our Shares; and (iv) risks relating to this prospectus.

### **RISKS RELATING TO OUR BUSINESS**

#### **Failure to secure new projects through tender process may materially and adversely affect our sustainability and financial performance**

It is customary in the construction industry that construction projects are awarded to contractors on a project-by-project basis through a tender process where the tenders of all bidders will be considered and assessed by the project awarding company.

In line with the industry practice, our projects are primarily secured through a tender process. Our ability to secure new projects from our existing or new customers is uncertain and is largely dependent on, among others, how favourable our terms are compared to those offered by other contractors who have also submitted their tenders. Notwithstanding our past relationship and work experience with our existing customers, the final outcome of each tender process is beyond our control. There is also no guarantee that our existing customers will award new projects to us.

We cannot assure you that we will be able to secure future business from our existing customers, or that we will be able to develop business relationships with new customers. We are unable to forecast the number of projects we may secure in the future. Our revenue may fluctuate from period to period depending on the actual volume of our business. If we fail to secure projects in the tender process, our business, results of operations, sustainability and prospects would be materially and adversely affected.

---

## RISK FACTORS

---

### **We are exposed to concentration risk of heavy reliance on our largest and top five customers**

A significant portion of our revenue was derived from a small number of customers during the Track Record Period. During the Track Record Period, the revenue generated from our top five customers accounted for approximately 82.5%, 84.5%, 82.0% and 89.3% of our total revenue, respectively, while the revenue generated from the single largest customer accounted for approximately 43.8%, 27.8%, 35.2% and 53.9% of our total revenue for the same period respectively. We may continue to have a concentration of customers in the future.

There is no assurance that the financial position of our major customers will remain healthy in the future and that we will be able to receive payments from such customers on time. Any deterioration in the businesses of our major customers could lead to delay and/or default in their payments to us. If our major customers fail to make timely payments to us, our cash flows and financial position may be materially and adversely affected.

### **Our operation results may be significantly affected if the availability of hotel and/or casino-related projects reduces**

During the Track Record Period, a substantial amount of our revenue was generated from our hotel and/or casino-related projects in Macau, including (i) Projects 1 to 5 for structural steelworks, civil engineering construction, and fitting out and renovation works projects; (ii) Projects 8 and 9 for high voltage power substation construction and its system installation works projects; and (iii) Projects 11 to 15 for facilities management, alteration and maintenance works and services projects. During the Track Record Period, we generated revenue of approximately MOP362.2 million, MOP496.0 million, MOP353.2 million and MOP344.5 million, respectively from our hotel and/or casino-related projects, representing approximately 81.2%, 91.3%, 76.0% and 88.0% of our total revenue, respectively. If our project owners or customers who are casino owners or operators in Macau fail to renew their relevant operation licences, they will not be able to continue conducting their business as presently conducted, and we will not be able to generate recurring business from such customers. There is no assurance that the availability of hotel and/or casino-related projects in Macau will maintain at the current level in the future. In the event that hotel and/or casino-related projects are not available, and/or we fail to explore new business or identify new customers or develop business relationship with new customers, our results of operation and financial performance would be materially and adversely affected.

### **Failure to receive progress or milestone payments or retention fees on time or in full may materially and adversely affect our liquidity position**

We normally receive progress payments from our customers based on the site works done, or milestone payments from our customers based upon our achievement of key milestones of the project as stipulated in the project contract. Furthermore, our customers generally retain up to 5% of the total contract sum as retention fees. The retention fees are generally returned to us in full upon expiry of the defect liability period if there are no material quality issues with

---

## RISK FACTORS

---

our works during such period. In most of our construction contracts, the defect liability period ranges from one to two years following the completion of the construction project, depending on the type of construction work we undertake. As such, if we fail to achieve any key milestone as stipulated in the project contract on time, we will not receive any milestone payments until we achieve such milestone, which may materially and adversely affect our cash flows and financial position. Should our customers fail to or delay in making progress payments or milestone payments, or in releasing retention fees, we may need to recognise such default payment as bad debts and our cash flow position and working capital may be materially and adversely affected.

Our trade and retention receivables amounted to approximately MOP116.0 million, MOP126.3 million, MOP91.8 million and MOP83.4 million as at 31 December 2014, 2015, 2016 and 31 August 2017, respectively. During the Track Record Period, our average trade receivables turnover days were approximately 55.1 days, 74.3 days, 73.2 days and 44.2 days, respectively. For more information on our trade and retention receivables, see “Financial information – Discussion of selected balance sheet items – Debtors, deposits and prepayments” of this prospectus.

### **Cash flows of our construction projects may fluctuate**

The construction industry is capital intensive. Before we receive the majority of our contractual payments from our customers, we generally need to incur a substantial amount of net cash outflows at the early stage of our projects for labour costs and set-up expenditure, such as payment for rental deposits of equipment and machineries and subcontracting fees, material costs and performance bonds. Progress payments or milestone payments will only be paid after our works completed are certified by our customers or authorised persons employed by them. Accordingly, the cash inflows and cash outflows for a particular project may fluctuate from time to time as the construction works progress.

If, at any time, we become engaged in a number of projects that require substantial initial set-up costs while we have significantly lower cash inflows from other projects, our cash flow position may be adversely affected.

### **We are exposed to the risk of termination of banking facilities by the issuing bank**

In July 2017, with the intention to replace the existing credit facility (“**Bank A Facility**”) in case the bank (“**Bank A**”) did not agree to release the personal guarantees by our Controlling Shareholders upon the Listing, we obtained another bank facility (“**Bank B Facility**”) from a bank (“**Bank B**”) in Macau. In order to streamline and consolidate our credit facilities for, among other things, better administrative management and lowering our average monthly bank balance maintenance requirements pursuant to the terms of the Bank A Facility and the Bank B Facility, we will terminate the Bank A Facility subject to all formalities being complied with. As at the date of this prospectus, we are still in the process of replacing the issued performance bonds under the Bank A Facility with the Bank B Facility and notifying the relevant project owners or main contractors of the same (if necessary). To the best knowledge and belief of our Directors, the formal agreement to terminate the Bank A Facility is expected to be executed in March 2018 between Bank A and our Group.

---

## RISK FACTORS

---

Upon completion of the replacement of the issued performance bonds and the termination of the Bank A Facility as mentioned above, we will only have one available credit facility, namely the Bank B Facility, for the issuance of performance bonds by end of March 2018.

Under the terms of the Bank B Facility, Bank B is entitled to terminate the Bank B Facility upon notice to us. In such event, we will be required to replace the performance bonds issued under the Bank B Facility with cash or other financial resources. We can give no assurance that we will be able to obtain bank or third party financings on reasonable terms, or at all, to replace the Bank B Facility and/or finance the issuance of the performance bonds, failing which, our liquidity and financial conditions may be materially or adversely affected.

**Any material underestimation of our tender price or overruns of our actual costs may materially and adversely affect our financial condition and results of operations**

We secure most of our projects through a tender process where we face intense competition from other bidders. We believe the price of our tender as well as other terms we offer are among the most crucial factors in the assessment of the project awarding company. While we strive to be competitive in all the tenders we submit, the profitability of our project depends on the price of our tender and hence it is important that our estimated tender price shall not deviate materially from the actual costs to be incurred.

We determine our tender price based on our estimation of time, resources to be deployed and costs to be incurred plus a profit margin. There is no assurance that the actual time and costs involved would not exceed our estimation. Depending on the nature and complexity of a particular project, most construction projects last for at least three to 24 months in general, and the process may be prolonged due to unforeseen factors. There is no assurance that we can estimate with absolute certainty, when we submit our tender, the amount of resources to be deployed and the total costs to be incurred.

Furthermore, construction projects are subject to certain factors that are beyond our control, including adverse weather conditions, labour shortage, variations in labour and equipment productivity, shortage and/or price fluctuations of raw materials, natural disasters, as well as unforeseen changes and developments in the project conditions. Any delay in completing the project would inevitably increase the risk of cost overruns. If we are unable to adjust the contract value for addition costs incurred, such additional costs would be absorbed by us. In addition, we may from time to time be required to perform additional work or adjust the scope of work under our contracts. Should there be any cost underestimations or overruns or we fail to recover the additional costs arising from any change in work scope required by our customers, we may result in lower profits or even a loss despite any buffer we may have built into the contract value to safeguard against cost overruns.



---

## **RISK FACTORS**

---

### **The amount of revenue derived from a project may be higher or lower than the initial contract sum due to factors such as variation orders**

The aggregate amount of revenue that we are able to derive from a project may be different from the initial contract sum set out in the relevant project contracts due to factors such as variation orders (including addition, modification or cancellation of certain contract works) requested by our customers in the course of the project implementation. Accordingly, there is no assurance that the amount of revenue derived will not be substantially lower than the initial contract sum as set out in the relevant project contracts.

Moreover, variation works carried out under variation orders which are of the same or similar nature to those works as stated in the relevant project contracts are generally valued at the rate set out in the original project contract for such item of work. However, if the variation works are not of the same or similar nature to those works as set out in the relevant project contracts, the parties would have to agree on a new rate for the variation works to be done. Should we fail to reach an agreement on such new rate with our customers (or their authorised representatives), they may be contractually entitled to fix the new rate unilaterally. Since variation works are usually carried out before the rate of such variation works is agreed, if we fail to reach an agreement with our customers on the rate of such variation works, contractual disputes with customers may arise, which may adversely affect our results of operation, liquidity and financial position.

### **Any delay of our projects will materially affect our reputation and financial performance**

We normally receive progress payments from our customers based on the site works done and milestone payments upon our achievement of key milestones as stipulated in our project contracts. Our revenue is therefore recognised based on the percentage of completion.

Construction projects are subject to certain factors that are beyond our control, including adverse weather conditions, labour shortage, shortage and/or price fluctuations of raw materials, natural disasters, as well as unforeseen changes and developments in the project conditions. Factors that are beyond our control can lead to our delay and even failure in completing certain milestones of the construction project. Should we fail or delay in reaching our milestones and/or completing the project in a timely manner, our billings, revenue, operational cash flows and financial performance as well as our reputation in the construction industry may be adversely affected. Furthermore, we may also be liable to pay our customers liquidated damages as stipulated in the contracts and may be subject to litigation claims for damages.

### **Any defect liability claim may affect our financial performance**

Our customers generally require a defect liability period under the usual terms of our project contracts, during which we are responsible for rectifying all defective works, if any. The defect liability period is normally 12 to 24 months after the issuance of the practical completion certificate or for such other period as our customers may specify in the project

---

## RISK FACTORS

---

contracts, depending on the nature and the scale of the entire project. Therefore, we may be subject to claims due to defects in relation to our works that are existing but have not yet been found, developed or are visible at the time of completion. In the event that there are any significant claims against us for defect liability or any default or failure in relation to our works, our financial performance may be adversely affected.

### **Our business relationship and consortium arrangement with the Power Projects Partner may change**

As at the Latest Practicable Date, we had, since establishing the consortium arrangement together with the Power Projects Partner, participated in 10 high voltage power substation construction projects in Macau. It is and has been our strategy to form such consortium arrangements to create synergy by combining the resources and expertise of the parties to provide customised and target-oriented services to our customers. Despite the consortium agreements with the Power Projects Partner contain clauses specifying the scope of works and responsibilities of each party and the disputes resolution in relation to the performance of each party, such consortium arrangements may still subject to a number of risks, including but not limited to:

- (a) conflicts between our policies or objectives and those of the Power Projects Partner;
- (b) disputes as to the scope of each party's responsibilities;
- (c) disputes as to the performance of each party; and
- (d) financial difficulties encountered by each party affecting its performance.

Pursuant to the terms of our consortium arrangements with the Power Projects Partner, we and the Power Projects Partner are jointly and severally liable to the customers for the performance of the contract. Please refer to "Business – Consortium arrangement" of this prospectus for further details. We may not be able to control the performance of the Power Projects Partner, and we may be liable to the customer even if we are not the party at fault. We cannot assure you that, in the event of a successful claim from a customer, we will be able to successfully enforce the contractual indemnity against any losses, damages, claims or costs incurred by us as a result of the Power Projects Partner's failure to perform its obligations to the customer under the consortium agreement. Further, if we are unable to agree with the Power Projects Partner on any matter, including the scope of allocated work and responsibility of each party, we may be required to resort to the dispute resolution provisions under the consortium agreement, which could be a potentially costly process, and divert the efforts and attention of our management away from our Group's business operations. There is no guarantee that we will be able to maintain an amicable business relationship with the Power Projects Partner in existing and/or future projects. If we are unable to do so, our business, financial condition and results of operations may be adversely affected.

---

## **RISK FACTORS**

---

### **Our Group is exposed to liability arising from tax non-compliance**

Prior and during the Track Record Period, our Group failed to comply with the relevant regulations of the Complementary Income Tax Regulation in preparing and maintaining our accounts in accordance with the local financial reporting standard and in filing of the complementary tax returns to the Financial Services Bureau of the Macau Government in a timely manner. As a result of such non-compliance, we may be imposed of fines for our failure to comply with the relevant regulations and subject to payment of additional complementary tax as required by the Financial Service Bureau of the Macau Government. Please refer to “Business – Non-compliance” of this prospectus for details. The results of our operations and our financial position will be affected if we were imposed, and upon our payment, of such fines and additional complementary tax.

### **Our performance is dependent on the general economic conditions of Macau**

Since the inception of our Group, all the projects that we had undertaken were situated in Macau and all our revenue was derived from our operations in Macau during the Track Record Period. We will continue to focus our business operations principally in Macau. Most of our projects are large-scale commercial complexes related to gaming and entertainment industry, hospitality industry and public infrastructure in Macau and our performance in the past was therefore parallel to the economic growth in Macau.

Given our business operations and performance, prospects, financial conditions and results of operations are dependent on the general economic conditions of Macau, any unforeseen circumstances, such as economic downturn, unfavourable change of government policy, natural disasters and outbreak of an epidemic may have an adverse impact on our business performance and prospects.

### **We may not be able to attract and retain key members of senior management and technical staff, which may adversely affect our business, financial performance, results of operations and growth prospects**

We have a proven track record of undertaking large-scale and complex construction projects. We believe that our proven capabilities as well as our performance and success are, to a large extent, attributable to the extensive industry knowledge and experience of our executive Directors, senior management team and technical staff, including those in charge of project management, technical aspect, risk management, safety, quantitative surveying and accounting and financial management.

Our continued success is dependent, to a large extent, on the ability to attract and retain the services of our executive Directors, senior management team and technical staff with the requisite industry expertise. We believe that an experienced management team as well as dedicated staff members will contribute significantly to our future growth. However, we cannot assure you that we will be able to retain the services of our executive Directors, members of senior management, technical staff or other key personnel, or attract and retain high-quality

---

## RISK FACTORS

---

personnel with the necessary skills, knowledge and qualifications, in the future. If any of our key management or technical personnel leaves our Group, and we are not able to recruit a suitable replacement with comparable experience and qualifications to join us in a timely basis, our business, financial performance, results of operations and growth prospects could be materially and adversely affected.

### **Our business is labour intensive and we may not be able to secure a stable supply of labour at affordable wages**

Construction industry is labour intensive. There is a constant shortage of local construction workers with appropriate skills in Macau. We rely on foreign workers to carry out parts of our projects. We are subject to labour quota restrictions in relation to foreign workers imposed by the Macau government and we may encounter difficulty in obtaining or renewing the necessary working permits and documents for our foreign staff and workers.

During the Track Record Period, we had not encountered any difficulties in recruiting labour to work for our projects. However, there is no assurance we will be able to secure a stable supply of labour at affordable wages. Should we fail to recruit appropriate skilled workers in Macau, our construction capacities and capabilities together with our operations and financial performance may be adversely affected. The labour costs associated with both local or foreign workers have been increasing in the recent years. Should there be any shortage of labour or significant increase in our labour costs, we may not be able to complete our projects within budget and in a timely manner, and as a result, our business, financial conditions and results of operations may be adversely affected.

### **We have limited control over the quality and performance and the availability of our subcontractors and our subcontracted labour force**

Depending on the scale and complexity of the project, we may engage third party subcontractors to provide ancillary construction works and labour services such as fitting out, landscaping, facade works, HVAC system, LV system, ELV system, P&D works, foundation works, LPG system and fire services works. If our subcontractors cannot agree with us on the scope of work or their fees incurred in performing the subcontracted works, we may become subject to claims and litigation from our subcontractors. If we were to be found liable on such claims, we could be liable for significant amounts in damages, which would have a material and adverse effect on our business and results of operations.

Given the high labour turnover rate in the construction industry and the constant shortage of local construction workers in Macau, we may not be able to obtain sufficient labour force and/or accurately ascertain the level of skills and experience of the subcontracted labour force. As we have limited control over the quality and performance and the availability of our subcontracted labour force, if such subcontracted labour force is not as experienced or capable as we had assessed, or in the event of an injury or accident involving our subcontracted labour force, our project schedules may be delayed and we may be liable for liquidated damages for such delays or may be exposed to potential litigation claims. In such event, our business, reputation, financial condition and results of operations could be materially and adversely affected. For details, please refer to “Business – Subcontractors – Control over subcontractors” of this prospectus.

---

## **RISK FACTORS**

---

### **Our operation results may be significantly affected by changes in the prices and availability of raw materials**

Our principal raw materials primarily include steel, fabricated steel, metal, power systems, cement, and fitting out materials such as pipes, wires and cables for our construction works. We are vulnerable to fluctuations in prices and the availability of our raw materials. Steel and concrete are two major raw materials used in the construction industry. During the period from 2012 to 2016, the price of steel has demonstrated a continuous downtrend from MOP5,743.0 per ton in 2012 to approximately MOP4,406.0 per ton in 2016 at a CAGR of approximately (6.4)%. However, during the same period, the price of concrete experienced a sharp increase, rising from approximately MOP435.0 per cubic metres (“m<sup>3</sup>”) in 2012 to approximately MOP819.0 per m<sup>3</sup> in 2016 at a CAGR of approximately 17.1%. During the Track Record Period, our material costs represented approximately 23.7%, 35.9%, 37.1% and 14.5% of our total cost of services, respectively.

The price and availability of raw materials are affected by a variety of factors beyond our control, including the overall demand and supply, global and local economy and related government policies. There is no assurance that the prices of our raw materials will not rise from current levels and that our cost of services will not increase. If we are unable to purchase any of our raw materials on terms acceptable to us, or if we are not able to build in an adjustment mechanism on material price fluctuation of raw materials in our construction contracts with our customers, our profit margins may decrease and our results of operations may be materially and adversely affected.

### **We may encounter labour disputes, industrial actions and/or work stoppages**

We require skilled labour to carry out different types of construction works. We may encounter claims from our workers resulting in labour disputes, industrial actions and/or work stoppages that would disrupt the progress of our projects. We cannot assure you that such labour disputes, industrial actions and/or work stoppage would not arise in the future. Should such events occur, our business, financial conditions and operating results may be adversely affected.

### **Our operations are subject to inherent operational risks and occupational hazard on construction sites**

Construction sites are potentially dangerous workplaces. Our construction projects routinely place our employees and others in close proximity with heavy duty construction machineries and equipment, and moving motor vehicles. We have implemented safety policies and standardised construction methods and technologies. Despite that, we are still subject to risks surrounding these activities, such as failure in machineries and equipment, site accidents, geological catastrophes, fire and explosions. These hazards can cause personal injury or fatalities, as well as damage to or destruction of property and equipment. As at the Latest Practicable Date, we had six outstanding accidents resulting in personal injury claims and/or employees’ compensation claims. For details of work injuries of our employees or employees

---

## RISK FACTORS

---

of our subcontractors during the Track Record Period and up to the Latest Practicable Date, please refer to “Business – Occupational health and safety” of this prospectus. In mid-July 2017, a fatal accident involving a construction worker occurred at the construction site where we were engaged as a main contractor for certain construction works. For further details of the accident, please refer to “Business – Occupational health and safety – Accident” of this prospectus.

We cannot guarantee that material workplace accidents or fatal accidents will not occur in the future despite our safety policies and measures. Even if such accidents were not caused by our fault or negligence, such accidents may still cause us to incur substantial costs and damage to our reputation. Damage to our reputation as a result of workplace accidents, whether or not our fault, may lead to negative publicity and may cause us to lose future business, which may materially and adversely affect our business and results of operations.

### **Our operations are subject to weather conditions and other operating hazards**

Most of our construction works are conducted outdoors and may be materially and adversely affected by adverse weather conditions. We may experience project delays caused by inclement weather or extreme temperatures, which could result in our inability to meet key milestones set forth in our project contracts. Our construction contracts with our customers generally contain an express provision for project postponement. In addition, natural disasters and other operating hazards, such as typhoons, earthquakes, floods, landslide or fires may interrupt our works and construction projects.

These events may cause substantial damage to our projects, such as disruptions of projects which may increase our difficulties from technical or mechanical perspectives or in sourcing construction materials for replacement. It could be costly and time-consuming to repair such damage and our operations could therefore be disrupted. Any significant delay or interruption could impair our ability to meet our contractual obligations and cause us to be liable for damages, which could in turn adversely affect our business and results of operations.

### **Our risk management and internal control policies and procedures may not fully protect us against various risks inherent in our business operations**

We have established risk management and internal control policies and procedures that we believe are appropriate for our business operations. Notwithstanding our efforts to continuously enhance our risk management and internal control measures, we cannot guarantee that our risk management and internal control mechanism will be adequate or effective to protect us against various risks inherent in our business operations. Any failure to address any potential risks and internal control deficiencies could materially and adversely affect our business and results of operations.

Our risk management and internal control policies and procedures depend on the implementation by our employees, labour force and subcontractors. We cannot guarantee that our employees, labour force or subcontractors will, in their respective capacity, adhere to our

---

## RISK FACTORS

---

risk management and internal control policies and procedures. The implementation of such policies and procedures may involve human errors or mistakes. We are unable to guarantee that our risk management and internal control policies and procedures will effectively prevent the occurrence of such errors or mistakes. If we fail to timely adopt, implement and modify our risk management and internal control policies and procedures, our business and results of operations could be materially and adversely affected.

### **We may be involved in claims or other proceedings in our ordinary course of business**

We may be involved in claims and litigations in the ordinary course of our business for, among others, defective or allegedly defective construction works and services, personal injuries or fatalities, payment disputes, breach of contract and delay in completing projects. We may also be subject to litigation relating to compliance with applicable laws and regulations including those relating to employment, occupational health and safety, environmental protection and other aspects under which we operate. If we were found liable on such claims, we could be liable for significant damages and subject to government sanctions, including fines and the suspension or loss of operational licences, certificates and permits which may not be covered sufficiently by our insurance or insurance taken by our customers or main contractors, money retained from our subcontractors or indemnity offered by our subcontractors or at all.

We may also be subject to lengthy and expensive litigation and arbitration proceedings if such claims are not resolved through negotiations that may divert our management's attention and resources and be disruptive to our normal business operations. We cannot assure that we will not be subject to future claims or that if any such claims were successful, our business and results of operations would not be materially and adversely affected.

We might also suffer from negative publicity resulting from legal claims and proceedings. If we fail to effectively remedy or reverse any negative publicity, we may suffer from reputation damage, which may have an adverse effect on our ability to maintain solid relationships with our existing customers, develop new customers and secure new construction projects. In addition, the remedial measures we may have to take may be costly, and may not generate the desired results.

### **Negative publicity or damage to our business reputation may have a potential adverse impact on our business**

We value and rely on our reputation to maintain and grow our business operations. Our reputation is one of the crucial factors for being awarded tenders and obtaining business from customers. Negative publicity associated with our operations could result in loss of business. We conduct business with a number of counterparties, including customers, suppliers and subcontractors. If any of such counterparties is not satisfied with us, and/or raises any complaints or allegations relating to us or our operations, whether justified or not, our reputation and our customer's perception of our brand may be damaged, which may in turn adversely affect our business and results of operations.

---

## RISK FACTORS

---

### **Our profit margins may not be indicative of our future profitability and we may have difficulty in managing our future growth**

During the Track Record Period, we recorded revenue of approximately MOP446.2 million, MOP543.4 million, MOP464.9 million and MOP391.5 million, respectively, and gross profit of approximately MOP107.5 million, MOP130.4 million, MOP97.2 million and MOP76.1 million, respectively. The profit margin of our projects fluctuated from project-to-project due to the nature of the construction works. The success and continuation of our business operations and future growth depend on our effective management of the resulting risks by, among others:

- identifying potential construction projects and business opportunities;
- conducting cost analysis and risk management and control;
- improving our operational, financial and management systems;
- developing skills of our management team;
- training, motivating, managing and retaining our employees;
- enhancing our risk monitoring to assess the financial condition and business potential of new and existing customers;
- managing our liquidity position while committing substantial resources to market expansion and business development; and
- managing the increasing complexity and costs associated with our expanded operations, which may divert our resources and require substantial capital commitment.

The levels of our revenue and gross margin as reflected in the Track Record Period are merely a result of our past performance, and may not have any implication on our operating results in the future. The inclusion of revenue and gross profit in this prospectus that may be derived from our projects are for reference only and are based on the information currently available to us and are subject to change. We cannot assure you that our systems, procedures, controls, personnel and expertise will be adequate to support our future growth. Failure to achieve any of the foregoing, or manage the risks and uncertainties created by measures to achieve the foregoing, could materially and adversely affect our business, financial condition, results of operations and growth prospects.



---

## **RISK FACTORS**

---

### **Our insurance policies may not be sufficient or adequate to cover all risks of loss or potential claims associated with our business operations**

We purchase and maintain insurance policies as required under the relevant laws and regulations and in accordance with the needs of our business. However, there is no assurance that our current insurance coverage is sufficient for all the risks and losses associated with our business operations or adequately protect us against all liabilities arising from claims and litigation against us. We 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, our business may be adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss.

Our insurers review the policies and insurance premium payable by us each year based on our insurance claim track record and the prevailing industry conditions. There is no assurance that we can renew the policies on similar or other acceptable terms or at all. If we are liable for uninsured losses or losses that far exceed the limits of our policy coverage, or the insurance premium payable by us increases significantly, our business, financial position, results of operations and prospects may be materially and adversely affected.

### **RISKS RELATING TO CONDUCTING BUSINESS IN MACAU**

#### **Failure to obtain and/or renew registration or comply with the relevant rules and regulations governing the construction industry in Macau**

We are required to be registered with DSSOPT as a licensed constructor to carry out construction engineering or fitting-out works in Macau. We are also a Class A Contractor for bidding public works projects. Failure to obtain and/or renew such registration will result in our inability to bid for such public works projects and hence may materially and adversely affect our operations and financial performance and future expansion plan. Further, in the event that there are any material changes in the existing regulatory regime that govern the construction industry in Macau, it may be costly and onerous for us to comply with the new requirements or we may not be able to meet such requirements at all, which may result in regulatory non-compliances and in turn materially and adversely affect our business, operations and financial performance.

#### **Our business in Macau is highly competitive and we face intense competition**

Construction business in Macau is highly competitive. According to the Industry Report, the entry barriers of the construction industry in Macau are (i) capital reserve requirement; (ii) business relationship with various parties; and (iii) professional industrial experience. New participants may enter the industry if they have fulfilled the above criteria and conducted the requisite registrations or filings with the relevant regulatory bodies.

---

## RISK FACTORS

---

We face intense competition from other existing and/or new competitors in the tender process or private negotiation with customers for new business. Our competitiveness depends on the quality of our works, timely and efficient delivery, and our professional project management skills. Failure to maintain our competitiveness may lead to loss of business and lower profitability which may materially and adversely affect our business, financial condition and results of operations.

### **We are vulnerable to adverse changes in market conditions and economy in Macau**

We are established, and all our operations and assets are located, in Macau. Accordingly, our financial condition, results of operations and prospects are dependent upon the continued availability of major construction projects which will be in turn determined by a variety of factors, including the prevailing economic, political and social conditions of Macau, the Macau government's policies on the construction industry and overall development plan of Macau, and the potential investments of property developers and land owners in Macau. These factors may affect the availability of construction projects from the public and private sectors in Macau. Should the demand for construction projects in Macau deteriorate, our business, financial conditions and results of operations would be adversely affected.

### **RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES**

#### **There has been no prior market for our Shares, and their liquidity and market price following the Global Offering may be volatile**

Prior to the Global Offering, there has been no public market for our Shares. The initial Offer Price range was the result of negotiations between us and Joint Global Coordinators (for themselves and on behalf of the Underwriters) and may not be indicative of the market price of our Shares following the completion of the Global Offering. There is no assurance that: (i) an active trading market for our Shares will develop; (ii) if such a trading market does develop, it will be sustained following the completion of the Global Offering; or (iii) the market price of our Shares will not decline below the Offer Price.

Furthermore, stock markets and the shares of some listed companies in Hong Kong have experienced increasing price and volume fluctuations in recent years, some of which may have been unrelated to the performance of such companies. These types of price volatility may also materially and adversely affect the market price of our Shares. These broad market and industry fluctuations may adversely affect the market price of our Shares.

#### **Our Controlling Shareholders have substantial influence over our Company, and the interests of our Controlling Shareholders and the Pre-IPO Investors may not be aligned with the interests of Shareholders who subscribe for Shares in the Global Offering**

Immediately after the Capitalisation Issue and the Global Offering, our Controlling Shareholders and the Pre-IPO Investors will collectively be entitled to control the exercise of voting rights of approximately 50.08% and 24.92% of the issued share capital of our Company,

---

## RISK FACTORS

---

if the Over-allotment Option is not exercised. The interest of our Controlling Shareholders and the Pre-IPO Investors may differ from the interest of our other Shareholders. Our Controlling Shareholders could have significant influence on our corporate actions. This concentration of ownership, as a result, may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. In addition, to the extent the interests of our Controlling Shareholders and the Pre-IPO Investors conflict with the interests of other Shareholders, the interest of other Shareholders may be disadvantaged or harmed.

### **We cannot guarantee whether, when and in what form we will pay dividends**

The declaration of dividends is proposed by our Board and subject to the applicable laws and regulations and our Shareholders' approval. Considering our financial position, our Directors currently intend, subject to the applicable laws and regulations and the approval by our Shareholders, and in the absence of any circumstances which might reduce the amount available for distribution whether by losses or otherwise, to distribute to our Shareholders no less than 40% of our profits available for distribution in respect of the year ended 31 December 2017. For subsequent years, the amount of any dividend to be declared and paid in the future will depend on, among other things, our results of operations, cash flows and financial conditions, operating and capital requirements, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that our Directors may consider relevant. For further details of our dividends, please refer to "Financial information – Dividends and distributable reserve" of this prospectus. We cannot guarantee if and when dividends will be declared in the future.

### **Investors should read the entire prospectus and should not place reliance on any information contained in press or other media in making your investment decisions**

Prior to the publication of this prospectus, there has been and will be media coverage regarding the Global Offering and our operations. We make no representation and do not accept any responsibility for any such coverage or the accuracy or completeness of any such information. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim any liability in connection therewith or resulting therefrom. Accordingly, prospective investors are cautioned to make their investment decisions on the Shares on the basis of the information contained in this prospectus only and should not rely on any other information in making investment decision as to whether to subscribe for or purchase our Shares.

### **There will be a time gap between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins**

The Offer Price of our Shares will be determined on the Price Determination Date. However, trading of our Shares on the Stock Exchange will not commence until our Shares are delivered, which is expected to be a short period after the Price Determination Date. As a

---

## RISK FACTORS

---

result, holders of our Shares may not be able to sell or otherwise deal in our Shares during that period. Thus, holders of our Shares may be subject to the risk that trading price of our Share could fall before trading of our Shares begins as a result of adverse market conditions or other adverse development arising during the period between the Price Determination Date and the date on which trading of our Shares begins.

**Future sales or market perception of sales of a substantial number of our Shares in the public market could cause the market prices of our Shares to fall**

The market price of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, or the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuance may occur. There is no assurance that our major Shareholders and the Pre-IPO Investors will not dispose of their shareholdings. Any significant disposal of our Shares by any of our major Shareholders and the Pre-IPO Investors may materially affect the prevailing market price of our Shares. Moreover, future sales or perceived sales of substantial amounts of our Shares or other securities relating to our Shares, including as part of any future offerings, could materially and adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favourable time and price. We cannot predict the effect of any future sales or market perception of sales of a substantial number of our Shares on the market price of our Shares.

**We have discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them**

Our management may spend the net proceeds from the Global Offering in ways that do not yield a favourable return. We plan to use the net proceeds from the Global Offering for: (i) financing our Group's construction projects, (ii) potential mergers and acquisitions, (iii) implementation of information technology system; and (iv) general corporate purposes and working capital. For further details of our intended use of proceeds, please refer to "Future plans and use of proceeds" of this prospectus. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from the Global Offering.

**Potential investors will experience immediate and substantial dilution as a result of the Global Offering and could face dilution as a result of future equity financings**

Potential investors will pay a price per Share that substantially exceeds the per Share value of our tangible assets after subtracting our total liabilities and will therefore experience immediate dilution when potential investors purchase the Offer Shares in the Global Offering. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the Global Offering, potential investors would receive less than the amount they paid for their Shares.

---

## RISK FACTORS

---

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

**Potential investors may face difficulties in protecting their interests under Cayman Islands law, which may provide different remedies to minority shareholders when compared with the laws of Hong Kong or other jurisdictions**

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

Our Company was incorporated in the Cayman Islands and our affairs are governed by the Articles of Association, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on protection of minority shareholders is set out in "3. Cayman Islands company law" in Appendix IV to this prospectus.

**If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline**

The trading market for our Shares will be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our Shares or publish negative opinions about us, the market price of our Shares may decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we may lose visibility in the financial markets, which, in turn, may cause the market price or trading volume of our Shares to decline.

### 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 our Group believes to be reliable and appropriate for such information. However, our Group cannot guarantee the quality or reliability of such source materials and our Group has no reason to believe that such

---

## RISK FACTORS

---

information is false or misleading or that any fact has been omitted rendering such information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by our Group, the Selling Shareholders, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, 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. Owing 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.

### **Forward-looking statements contained in this prospectus are subject to risks and uncertainties**

This prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “forecast,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other and similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

---

# WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE

---

## MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our executive Directors are based in Macau and are expected to continue to be based in Macau. In addition, substantially all of our assets are based in Macau and our headquarters, core business and operations are primarily located, managed and conducted in Macau. As each of our executive Directors has a vital role in our business and operations, it is important for them to remain to be based in Macau, which is physically close to our operations. Relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company and it will require time to process the application for residency in Hong Kong. Moreover, it may not be in the best interest of our Company and Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong for the sole purpose of satisfying the management presence requirements as such arrangement will increase our administrative expenses and reduce the effectiveness and responsiveness of the Board in making decisions. Our Company currently does not, and in the foreseeable future will not, have a sufficient management presence in Hong Kong as required under Rule 8.12 of the Listing Rules. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules on the following conditions:

- (a) has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company will comply with the Listing Rules at all times. The two authorised representatives appointed are Mr. Sou, an executive Director and Ms. Tam Wing Yee, our company secretary. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorised representatives will be authorised to communicate on our behalf with the Stock Exchange. Our Company will keep the Stock Exchange up to date in respect of any change to such details.
  
- (b) both the authorised representatives have means to contact all of our Directors (including the independent non-executive Directors) and all of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. To enhance communication between the Stock Exchange, the authorised representatives and our Directors, our Company will implement a policy that (a) each Director will have to provide his/her office phone number, mobile phone number, facsimile number and email address to the authorised

---

## **WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE**

---

representatives; (b) in the event that a Director expects to travel or is otherwise out of office, he/she will endeavour to provide the phone number of the place of his/her accommodation to the authorised representatives or maintain an open line of communication via his mobile phone; and (c) each of our Directors and authorised representatives will provide their respective office phone number, mobile phone numbers, facsimile numbers and email addresses to the Stock Exchange.

- (c) in compliance with Rule 3A.19 of the Listing Rules, our Company has appointed Innovax Capital as our compliance adviser which has access at all times to the authorised representatives, our Directors, senior management and other officers of our Company, and will act as an additional channel of communication with the Stock Exchange.
- (d) meetings between the Stock Exchange and our Directors could be arranged through the authorised representatives or the compliance adviser, or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange as soon as practicable in respect of any change of authorised representatives and/or the compliance adviser.

### **FINANCIAL STATEMENTS IN THIS PROSPECTUS**

The Accountants' Report set out in Appendix I to this prospectus contains the consolidated results of our Group for the three years ended 31 December 2016 and the eight months ended 31 August 2017. Section 342(1) of the Companies (WUMP) Ordinance requires all prospectuses to include an accountant's report which contains the matters specified in the Third Schedule to the Companies (WUMP) Ordinance. Paragraph 27 of Part I of the Third Schedule to the Companies (WUMP) Ordinance requires that we set out in this prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group during each of the three financial years immediately preceding the issue of this prospectus. Paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance requires that we include in this prospectus a report by the auditors with respect to the profit and loss of our Group for each of the three financial years ended immediately preceding the issue of this prospectus and the assets and liabilities of our Group as at the end of each of the three financial years ended immediately preceding the issue of this prospectus.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the Accountants' Report to this prospectus.

Guidance Letter GL-25-11 issued by the Stock Exchange has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules as follows:

- (1) the applicant must list on the Stock Exchange within three months after the latest year end;



---

## **WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE**

---

- (2) the applicant must obtain a certificate of exemption from the SFC on compliance with paragraphs 27 and 31 of the Third Schedule to the Companies (WUMP) Ordinance;
- (3) a profit estimate for the latest financial year (which must comply with Rules 11.17 to 11.19 of the Listing Rules) must be included in the prospectus or the applicant must provide justification why a profit estimate cannot be included in the prospectus; and
- (4) there must be a directors' statement in the prospectus that there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from the end of the stub period to the latest financial year end.

An application has been made to the SFC for the certificate of exemption from strict compliance with section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance in relation to the inclusion of the Accountants' Report for the full financial year ended 31 December 2017 in this prospectus on the following grounds:

- our Directors and the Sole Sponsor consider that, after performing sufficient due diligence work, there has been no material adverse change in the financial and trading positions or prospect of our Group since 31 August 2017 up to 31 December 2017 and that there is no event which would materially affect the information contained in the Accountants' Report and the profit estimate of our Group in this prospectus. Our Directors and the Sole Sponsor consider that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this prospectus. Our Directors and the Sole Sponsor believe that an exemption from strict compliance with the relevant requirements under the Companies (WUMP) Ordinance would not prejudice the interests of the investing public; and
- strict compliance with section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance would be unduly burdensome in order for the audited results of our Group for the year ended 31 December 2017 to be finalised shortly after the year end. If the full year results of our Group for 2017 are to be included in this prospectus, there will be a significant delay in the listing timetable. If the financial information is required to be audited up to 31 December 2017, our Company and the reporting accountants would have to undertake a considerable amount of work to prepare, update and finalise the Accountants' Report to cover such additional period within a short period of time. Our Directors consider that the benefits of such work to the prospective investors of our Company may not justify the additional work and expenses involved and the delay in the listing timetable, given that it is expected that

---

## WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE

---

there would be no significant change in the financial position of our Group since 31 August 2017, being the expiry of the period reported on by Deloitte Touche Tohmatsu, our Company's reporting accountants which is not otherwise disclosed in this prospectus.

A certificate of exemption has been granted by the SFC under section 342A of the Companies (WUMP) Ordinance on the conditions that (i) this prospectus will be issued on or before 1 February 2018 and the Shares will be listed on or before 31 March 2018, i.e. three months after the latest financial year end; and (ii) the particulars of the exemption are set out in this prospectus.

An application has also been made to the to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules in relation to the inclusion of the Accountants' Report for the full financial year ended 31 December 2017 in this prospectus on the following grounds:

- our Directors and the Sole Sponsor consider that after performing sufficient due diligence work, there has been no material adverse change in the financial and trading positions or prospect of our Group since 31 August 2017 up to 31 December 2017 and that there is no event which would materially affect the information contained in the Accountants' Report and the profit estimate of our Group in this prospectus. Our Directors and the Sole Sponsor consider that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this prospectus. Our Directors and the Sole Sponsor believe that a waiver from strict compliance with Rule 4.04(1) of the Listing Rules would not prejudice the interests of the investing public;
- our Company shall be listed on the Stock Exchange within three months after 31 December 2017, being the latest financial year end of our Company;
- this prospectus contains a statement from our Directors that there has been no material adverse change to the financial and trading positions or prospect of our Group since 31 August 2017 (being the date of which the latest audited consolidated financial statement of our Group were made up) and up to 31 December 2017;
- in accordance with Guidance Letter HKEx-GL-25-11, an estimate of the consolidated profit of our Group for the year ended 31 December 2017 has been included in this prospectus. Investing public would thus be given some guidance as to our Company's financial performance for the year ended 31 December 2017; and
- our Company shall publish its annual results and annual report within the time prescribed under the Rules 13.49(1) and 13.46(1) of the Listing Rules, respectively.

---

## **WAIVERS AND EXEMPTION FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE**

---

The Stock Exchange has granted us a waiver from strict compliance with Rule 4.04(1) of the Listing Rules on the conditions that (i) the Listing Date shall not be later than three months after the latest financial year end of the Company, i.e. on or before 31 March 2018; (ii) we have obtained a certificate of exemption from the SFC from similar requirements under section 342(1) in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (WUMP) Ordinance; (iii) a profit estimate for the financial year ended 31 December 2017 in compliance with Rules 11.17 to 11.19 of the Listing Rules shall be included in this prospectus; and (iv) a Directors' statement that there is no material adverse change to our financial and trading positions or prospects with specific reference to the trading results from 1 September 2017 to 31 December 2017 shall be included in this prospectus.

Our Directors have confirmed that they have ensured that sufficient due diligence has been performed and that up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position since 31 August 2017 (being the date to which the latest consolidated financial statements of our Group were made up), including the four months up to 31 December 2017 and there has been no event since 31 August 2017, including the four months up to 31 December 2017 which would materially affect the information shown in the Accountants' Report (as set out in Appendix I to this prospectus). Based on the due diligence work performed by the Sole Sponsor so far, nothing has come to the attention of the Sole Sponsor for it to cast doubt on the views of our Directors expressed above.

### **CONTINUING CONNECTED TRANSACTIONS**

We have entered into certain transactions which will continue after the Listing and will therefore constitute continuing connected transactions for our Company under the Listing Rules after the Listing. We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of certain continuing connected transactions as disclosed in "Connected transactions" of this prospectus. Please refer to "Connected transactions" of this prospectus for further details.

---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus 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) (as amended) and the Listing Rules for the purpose of giving information to the public with regard to our Company. Our Directors, collectively and individually, accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, 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, there are no other matters the omission of which would make any statement in this prospectus misleading, and all opinions expressed in this prospectus have been arrived at after due and careful consideration and are formed on bases and assumptions that are fair and reasonable.

### **THE GLOBAL OFFERING**

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms set out the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 30,000,000 Hong Kong Offer Shares and the International Placing of initially 270,000,000 International Placing Shares (subject, in each case, to reallocation on the basis described in “Structure of the Global Offering” of this prospectus).

The Global Offering is sponsored by the Sole Sponsor, namely Innovax Capital. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date. The Global Offering is managed by the Joint Global Coordinators. For further details of the Underwriters and underwriting arrangements, please refer to “Underwriting” of this prospectus.

### **DETERMINATION OF THE OFFER PRICE**

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date.

If, for whatever reason, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders) are unable to reach an agreement on the Offer Price by Saturday, 10 February 2018, the Global Offering will not become unconditional and will lapse immediately.

---

## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

---

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

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

No action has been taken to permit any public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make 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 securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities 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.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Hong Kong Public Offering to give any information, or to make any representation, not contained in this prospectus and the related Application Forms, and any information or representation not contained in this prospectus and the related Application Forms must not be relied upon as having been authorised by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective directors or any other persons or parties involved in the Global Offering.

**Each person acquiring the Offer Shares in the Global Offering will be required to confirm, or be deemed by its acquisition of Offer Shares to have confirmed, that it is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.**

### SELLING SHAREHOLDERS

The Global Offering initially consists of 300,000,000 Shares, of which 60,000,000 Shares are being sold by the Selling Shareholders under the International Placing. We estimate that the net proceeds to the Selling Shareholders from the Sale Shares (after deduction of proportional underwriting fees and estimated expenses payable by our Selling Shareholders in relation to the Global Offering, and assuming an Offer Price of HK\$1.125 per Offer Share, being the mid-point of the indicative Offer Price range) will be approximately HK\$65.1 million. Our Company will not receive any of the proceeds from the sale of the Sale Shares.

---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

Please refer to “D. Other information – 12. Particulars of the Selling Shareholders” in Appendix V to this prospectus for details of the Selling Shareholders.

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

Our Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Capitalisation Issue and upon the exercise of any options which may be granted under the Share Option Scheme.

Save as disclosed in this prospectus, no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

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

### **ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company’s compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisers.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

You should consult your professional advisers if you are in any doubt as to the tax implications of subscription for, purchasing, holding or disposing of and dealing in our Shares under the laws of the place at your operations, domicile, residence, citizenship or

---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

incorporation. We emphasise that none of our Company, the Selling Shareholders, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Global Offering accepts responsibility for your tax effects or liabilities resulting from your subscription for, purchase, holding or disposal of or dealing in our Shares.

### **STABILISATION AND OVER-ALLOTMENT OPTION**

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for or purchase the newly issued securities in the secondary market during a specified period of time, to retard, and if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the commencement of trading in the Shares of our Company on the Stock Exchange. Such transactions will be effected in compliance with all applicable laws, rules and regulations in place in Hong Kong. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time during the stabilising period, which will begin on the day on which trading of our Shares commences on the Stock Exchange and end on the 30th day from the last day for lodging applications under the Hong Kong Public Offering. As a result, demand for our Shares, and their market price, may fall after the end of the stabilising period.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes (i) over-allocation of shares for the purpose of preventing or minimising any reduction in the market price of shares, (ii) selling or agreeing to sell shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of shares, (iii) subscribing, or agreeing to subscribe, for shares pursuant to an option or other right in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, shares pursuant to an option or other right in order to close out any positions established under (i) or (ii) above, (v) selling shares to liquidate a long position established and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 45,000,000 Shares, which is 15% of the number of Offer Shares initially available under the Global Offering.

As a result of effecting transactions to stabilise or maintain the market price of our Shares, the Stabilising Manager, or any person acting for it, may maintain a long position in our Shares. The size of the long position and the period for which the Stabilising Manager, or

---

## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

---

any person acting for it, will maintain the long position are at the discretion of the Stabilising Manager and are uncertain. Investors should be warned that, in the event that the Stabilising Manager liquidates this long position by making sales in the open market, this may lead to decline in the market price of our Shares.

Any stabilising action taken by the Stabilising Manager, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilising period. Stabilising bids for or market purchases of the Shares by the Stabilising Manager, or any person acting for it, may be made at or below the Offer Price and can therefore be made at or below the price paid for the Offer Shares by applicants for, or investors in, the Offer Shares.

In connection with the Global Offering, the Stabilising Manager may require our Company to allot and issue up to and not more than an aggregate of 45,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or combination of these means. In particular, for the purpose of covering such over-allocations, the Stabilising Manager may borrow up to 45,000,000 Shares from MECOM Holding (equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option) under the Stock Borrowing Agreement.

The terms of the Stock Borrowing Agreement will be in compliance with the requirements set out in Rule 10.07(3) of the Listing Rules and will therefore not be subject to restrictions under Rule 10.07(1)(a) of the Listing Rules. The principal terms of the Stock Borrowing Agreement are set out below:

- the stock borrowing arrangement will only be effected by the Stabilising Manager (or its affiliates) for settlement of over-allocations in connection with the International Placing;
- the maximum number of Shares to be borrowed by the Stabilising Manager (or its affiliates) from MECOM Holding will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed will be returned to MECOM Holding not later than the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the day on which the Over-allotment Option is exercised in full; or (iii) such earlier time as may be agreed in writing between the parties;
- the stock borrowing arrangement will be effected in compliance with all applicable laws and regulatory requirements; and
- no payments will be made to MECOM Holding in relation to the stock borrowing arrangement.



---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

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

All Shares issued pursuant to applications made in the Global Offering will be registered in our Company's branch register of members to be maintained in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty.

Unless otherwise determined by our Company, dividends payable in HK dollars in respect of the Shares will be paid to the shareholders listed on the Hong Kong branch share register of our Company, by ordinary post, at the shareholders' risk, to the registered address of each Shareholder.

### **PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES**

The application procedure for the Hong Kong Offer Shares is set out in "How to apply for Hong Kong Offer Shares" of this prospectus and on the relevant Application Forms.

### **STRUCTURE OF THE GLOBAL OFFERING**

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" of this prospectus.

### **EXCHANGE RATE CONVERSION**

Certain amounts denominated in MOP have been translated into HKD and vice versa at an exchange rate of HK\$1.00: MOP1.03, for illustration purposes only. Such conversions shall not be constructed as representations that amounts in HKD or MOP were or may have been converted into those currencies and vice versa at such rate or any other exchange rates.

### **ROUNDING**

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

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

### DIRECTORS

<u>Name</u>	<u>Residential address</u>	<u>Nationality</u>
<b>Executive Directors</b>		
Mr. Kuok Lam Sek (郭林錫)	Alameda Dr. Carlos D'Assumpção No. 25, EDF. Tai Keng Yuen 7 Andar F Macau	Chinese
Mr. Sou Kun Tou (蘇冠濤)	R. Chunambeiro 12 Fl 12, Flat A Ed. Ieong Ming Hoi Keng Gdn Macau	Chinese
<b>Independent Non-executive Directors</b>		
Ms. Chan Po Yi, Patsy (陳寶儀)	22/F, Flat A Tower 2 1 Ying Hong Street The Visionary Lantau Island New Territories Hong Kong	Chinese
Mr. Cheung Kiu Cho, Vincent (張翹楚)	51/F, Celestial Heights 25 Celestial Avenue Ho Man Tin Kowloon Hong Kong	Chinese
Dr. Ngan Matthew Man Wong (顏文煌)	Flat B, 36/F Tower 1 28 Bel-air Avenue Residence Bel-air Island South Hong Kong	Chinese

Further information about our Directors and other senior management members are set out in “Directors and senior management” of this prospectus.

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

### PARTIES INVOLVED IN THE GLOBAL OFFERING

#### **Sole Sponsor**

Innovax Capital Limited  
Room 2002, Chinachem Century Tower  
178 Gloucester Road  
Wanchai  
Hong Kong

#### **Joint Global Coordinators and Joint Bookrunners**

Innovax Securities Limited  
Unit A-C, 20/F  
Neich Tower  
128 Gloucester Road  
Wanchai  
Hong Kong

Sinolink Securities (Hong Kong)  
Company Limited  
Unit 2503-06, 25/F  
Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

#### **Joint Lead Managers**

Innovax Securities Limited  
Unit A-C, 20/F  
Neich Tower  
128 Gloucester Road  
Wanchai  
Hong Kong

Sinolink Securities (Hong Kong)  
Company Limited  
Unit 2503-06, 25/F  
Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

Sinomax Securities Limited  
Room 2705-6, 27/F  
Tower One Lippo Centre  
89 Queensway  
Hong Kong

ZMF Asset Management Limited  
Unit 2502, 25/F World Wide House  
19 Des Voeux Road Central  
Central, Hong Kong

Yuanta Securities (Hong Kong) Company  
Limited  
23/F Tower 1 Admiralty Centre  
18 Harcourt Road  
Admiralty, Hong Kong

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

**Legal advisers to our Company**

*As to Hong Kong law:*  
Sidley Austin  
Level 39, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

*As to Macau law:*  
MdME | Lawyers | Private Notary  
Avenida da Praia Grande  
409 China Law Building  
21/F and 23/F A-B  
Macau

José Liu  
Avenida da Amizade, n.º 555  
Landmark, 13.º andar  
Sala No. 1308  
Macau

*As to Cayman Islands law:*  
Conyers Dill & Pearman  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman  
Cayman Islands

**Legal advisers to the Sole Sponsor, the  
Joint Global Coordinators, the Joint  
Bookrunners, the Joint Lead Managers  
and the Underwriters**

*As to Hong Kong law:*  
MinterEllison  
Level 25, One Pacific Place  
88 Queensway  
Hong Kong

**Auditors and Reporting Accountants**

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
35/F One Pacific Place  
88 Queensway  
Hong Kong

**Property Valuer**

Jones Lang LaSalle Corporate Appraisal and  
Advisory Limited  
6th Floor, Three Pacific Place  
1 Queen's Road East  
Hong Kong

---

**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

---

**Industry consultant**

Frost & Sullivan International Limited  
Suite 1706  
One Exchange Square  
8 Connaught Place  
Hong Kong

**Compliance Adviser**

Innovax Capital Limited  
Room 2002, Chinachem Century Tower  
178 Gloucester Road  
Wanchai  
Hong Kong

**Receiving bank**

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

---

## CORPORATE INFORMATION

---

<b>Registered office</b>	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
<b>Headquarters and principal place of business in Macau</b>	Units Q, R and S, 6/F Praça Kin Heng Long-Heng Hoi Kuok Kin Fu Kuok No. 258 Alameda Dr. Carlos D'Assumpção Macau
<b>Principal place of business in Hong Kong</b>	Room 1909-13, 19th Floor Tai Yau Building 181 Johnston Road Wanchai, Hong Kong
<b>Company's website</b>	<a href="http://www.mecommacau.com">www.mecommacau.com</a> <i>(information contained in this website does not form part of this prospectus)</i>
<b>Company secretary</b>	Ms. Tam Wing Yee <i>HKICPA</i> Room 1909-13, 19th Floor Tai Yau Building 181 Johnston Road Wanchai, Hong Kong
<b>Authorised representatives</b>	Mr. Sou Kun Tou R. Chunambeiro 12 Fl 12, Flat A Ed. Jeong Ming Hoi Keng Gdn Macau  Ms. Tam Wing Yee <i>HKICPA</i> Room 1909-13, 19th Floor Tai Yau Building 181 Johnston Road Wanchai, Hong Kong
<b>Audit Committee</b>	Ms. Chan Po Yi, Patsy ( <i>Chairlady</i> ) Mr. Cheung Kiu Cho, Vincent Dr. Ngan Matthew Man Wong
<b>Remuneration Committee</b>	Dr. Ngan Matthew Man Wong ( <i>Chairman</i> ) Ms. Chan Po Yi, Patsy Mr. Cheung Kiu Cho, Vincent

---

## CORPORATE INFORMATION

---

**Nomination Committee**

Mr. Cheung Kiu Cho, Vincent (*Chairman*)  
Dr. Ngan Matthew Man Wong  
Ms. Chan Po Yi, Patsy

**Principal Share Registrar**

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
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  
No. 322 Avenida do Governador Jaime  
Silverio Marques R/C  
Shop Y. Ed. Jardim  
Nam Ngou  
Macau

Tai Fung Bank Limited  
418 Alameda Dr. Carlos d' Assumpção  
Macau

China Guangfa Bank Co. Ltd, Macau Branch  
Alameda Dr. Carlos D' Assumpção  
n°s 181 a 187 Centro Comercial do Group  
Brilhantismo, 18° Andar  
Macau

---

## INDUSTRY OVERVIEW

---

*This section contains information which is derived from official government publications and industry sources as well as a commissioned report from F&S. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading in any material respect or that any material fact has been omitted that would render such information false or misleading.*

*The information prepared by F&S and set out in this section has not been independently verified by us, the Selling Shareholders, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters or any other party (other than F&S) involved in the Global Offering and no representation is given as to its accuracy or correctness. Our Directors confirm that after due and reasonable consideration, there have been no material adverse change in the market information since the date of the Industry Report which may qualify, contradict or have a material impact on the information in this section.*

### SOURCE OF INFORMATION

We have commissioned F&S to provide industry information on the Macau construction service industry. We have agreed to pay a fee of HKD850,000 to F&S for the report. Our Directors are of the view that the payment does not affect the fairness of the views and conclusions presented in the Industry Report.

In compiling and preparing the research report, F&S conducted primary research including telephone and face-to-face interviews with industry participants. Also, secondary research, which involved reviewing industry publications, annual reports and data based on its own database, was conducted. F&S presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. F&S assumed that (i) the social, economic and political environment is expected to remain stable and (ii) key industry drivers are likely to continue to affect the market over the forecast period from 2016 to 2021.

### ABOUT F&S

F&S is an independent global consulting firm founded in 1961. It offers industry research, market strategies and provides growth consulting and corporate training. Its industry coverage includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom. The Industry Report includes information on data for Macau construction service market.



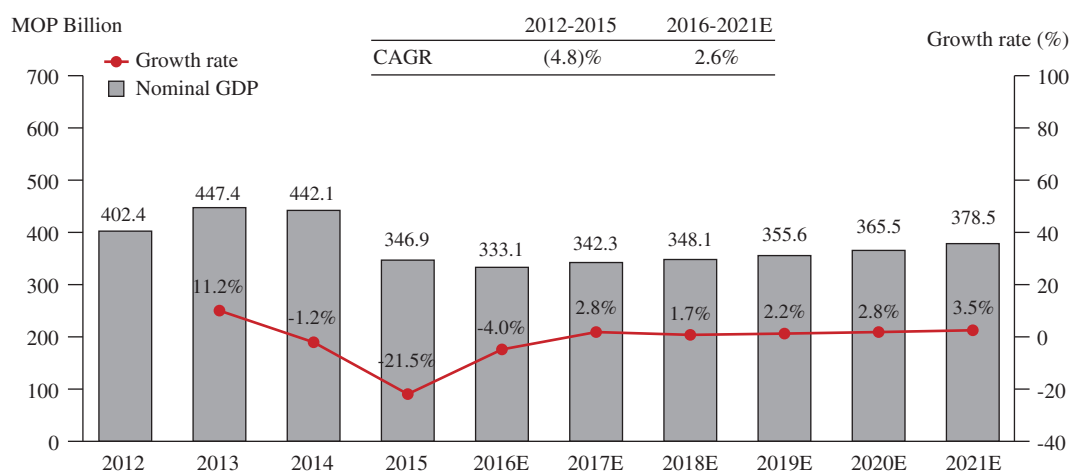
## INDUSTRY OVERVIEW

### OVERVIEW OF MACRO ECONOMY IN MACAU

#### Nominal GDP

The booming gambling and tourism industry has allowed Macau to experience a robust growth in nominal GDP between 2012 and 2014. A drop of approximately 21.5% was seen in 2015, which was attributable to the anti-corruption initiatives by the PRC government causing a decrease in the number of tourists and gamblers in Macau. With the gradual recovery of the tourism industry, nominal GDP is expected to grow at a stable level in the forecasted period, amounting to approximately MOP378.5 billion in 2021.

#### Nominal GDP, 2012-2021E



Source: International Monetary Fund (IMF), F&S  
 Note: Latest available data is 2015

### OVERVIEW OF THE CONSTRUCTION SERVICE MARKET IN MACAU

#### Definition and segmentation

The construction service market mainly encompasses the following parts: civil engineering (including structural steelworks), fitting out, repair, maintenance, alteration and addition (RMAA); building services; and others.

Civil engineering generally involves structural engineering to construct the frame of a building with steel or other materials, and construction engineering that further completes the building for commercial, infrastructure or other purposes. Fitting-out includes design and shop drawing, execution of fitting out, renovation and upgrading works of various types to ensure that the venue is end-user-ready. RMAA includes the repair, maintenance, alteration, addition and upgrading of existing buildings and facilities to prolong their service time. Also, it sometimes may include procurement of materials, labour and equipment, site supervision and project management.

Building services cover electrical works including installation and maintenance of electricity system, ranging from high voltage power substations to ELV for daily usage; HVAC works including installation and maintenance of HVAC system to control the temperature, humidity and quality of the air in a building; and P&D works, including installation and maintenance of plumbing, drainage and gas piping system and sewage treatment system. Also, it sometimes may include procurement of materials, labour and equipment, site supervision and project management.

---

## INDUSTRY OVERVIEW

---

### Gaming and entertainment industry

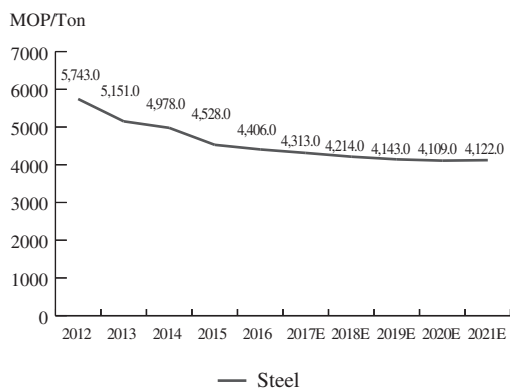
The economy of Macau is mainly driven by the gaming industry. Accordingly, casino-related constructions account for a significant portion of the construction service market in Macau as a whole. In 2012, the value of casino-related constructions made up approximately 38.2% of the total construction value in Macau. In 2016, driven by the establishment of new casino resorts and renovations of aged ones, the value of casino-related constructions reached approximately 60.4% of the total construction value in Macau. As stipulated in the 2017 Policy Address and reiterated in the 2018 Policy Address, the Macau government will continue to develop Macau as a world tourism and leisure centre, which involves, among others, promoting the healthy and stable development of tourism and gaming industries. It is commonly believed that the attractiveness of Macau as a world tourism and leisure centre primarily stems from its numerous luxurious and glamorous hotel and casino integrated resorts run by the six gaming concessionaires. In order to maintain such attractiveness and appeal to tourists, the gaming concessionaires will need to either establish new hotels and integrated resorts from time to time or periodically renovate existing ones so that they would not appear aged and unappealing compared to the newer hotels and integrated resorts. Therefore, it is expected that the total investment in casino-related constructions will remain at a similar level going forward.

### Raw material cost

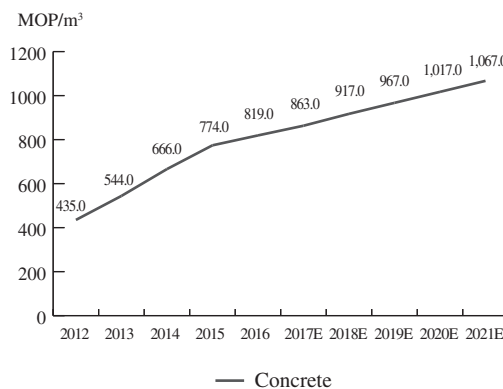
Steel and concrete are two major raw materials used in the construction service industry. Over the period from 2012 to 2016, the price of steel has demonstrated a continuous downward trend from MOP5,743.0 per ton in 2012 to approximately MOP4,406.0 per ton in 2016, representing a CAGR of approximately -6.4%. From 2017 to 2021, the price of steel is expected to remain in the overall downward trend at a lower rate, declining from MOP4,313.0 per ton to MOP4,122.0 per ton, representing a CAGR of approximately -1.1%.

During 2012 to 2016, the price of concrete experienced a sharp increase, rising from approximately MOP435.0 per m<sup>3</sup> in 2012 to approximately MOP819.0 per m<sup>3</sup> in 2016, representing a CAGR of approximately 17.1%. Going forward, the price of concrete is expected to continue increasing from MOP863.0 per m<sup>3</sup> in 2017 to MOP1,067.0 per m<sup>3</sup> in 2021, representing a CAGR of approximately 5.4%.

**Price of steel, 2012-2021E**



**Price of concrete, 2012-2021E**



Source: Statistics and Census Service (DSEC) of the Macau Government, F&S

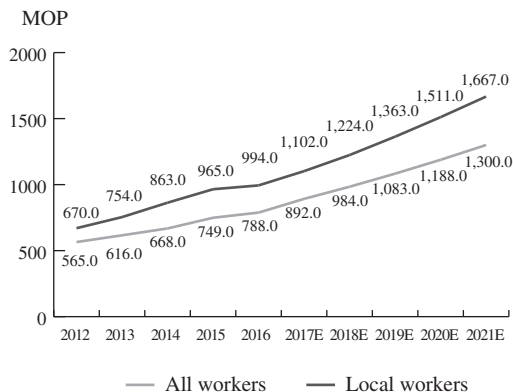
## INDUSTRY OVERVIEW

### Labour cost

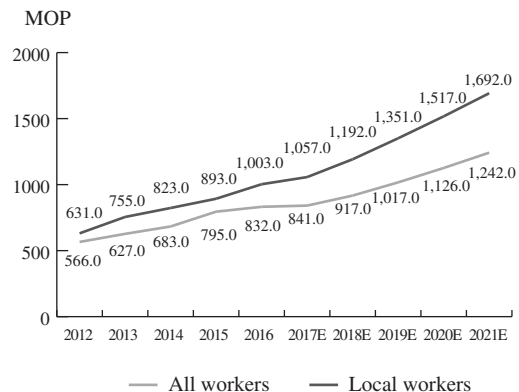
The average daily wages of construction workers in Macau overall grew from approximately MOP565.0 in 2012 to approximately MOP788.0 in 2016, representing a CAGR of approximately 8.7%. For local workers, average daily wages rose from approximately MOP670.0 to approximately MOP994.0 in the same period, representing a CAGR of approximately 10.4%. Influenced by the aging population and the lack of labour force, average daily wages of overall construction workers are expected to continue increasing. From 2017 to 2021, average daily wages of all workers is expected to increase from MOP892.0 to MOP1,300.0, representing a CAGR of approximately 9.9%. As for local workers, it grows from MOP1,102.0 to MOP1,667.0, representing a CAGR of approximately 10.9%.

The average daily wages for electrical workers has also increased. From 2012 to 2016, average daily wages increased from approximately MOP566.0 to approximately MOP832.0 for all workers, representing a CAGR of approximately 10.1%, while for local workers it grew from approximately MOP631.0 to approximately MOP1,003.0, representing a CAGR of approximately 12.3%. In line with the overall wage increase in Macau's construction industry, the average daily wages of all electricians and electrical workers is expected to increase from MOP841.0 to MOP1,242.0, representing a CAGR of approximately 10.2% from 2017 to 2021, whereas for local workers, the average daily wages is expected to increase from MOP1,057.0 to MOP1,692.0 from 2017 to 2021, representing a CAGR of approximately 12.5%.

**Average Daily Wage of Overall  
Construction Workers, 2012-2021E**



**Average Daily Wage of Electricians  
and Electrical Workers, 2012-2021E**

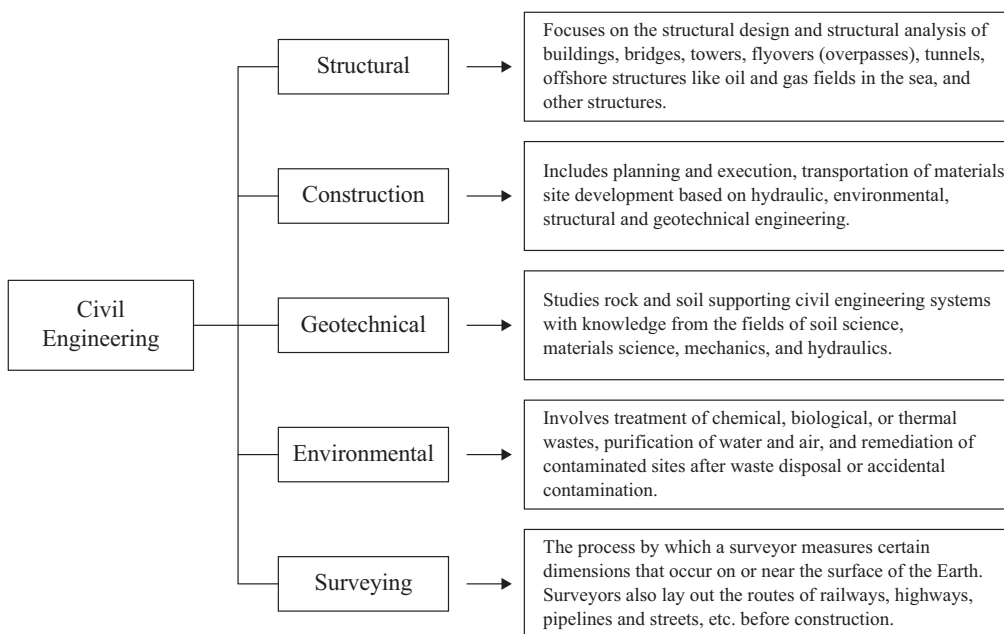


*Source: Statistics and Census Service (DSEC) of the Macau Government, F&S*

### OVERVIEW OF THE CIVIL ENGINEERING MARKET IN MACAU

#### Definition and segmentation

Civil engineering refers to the designing, construction, supervision, operation and maintenance of large construction projects and systems, including roads, buildings, airports, tunnels, dams, bridges, and systems for water supply as well as sewage treatment and others. It is a broad discipline with many sub-divisions, and some main segments of these sub-divisions are listed below.



Source: F&S

---

## INDUSTRY OVERVIEW

---

The following analysis sets forth the introduction of structural engineering and construction engineering in particular.

### Definition and main types of structural engineering

Structural engineering is one of the sub-divisions of civil engineering in which structural engineers are trained to analyse and design the gravity support and lateral force resistance of buildings (including residential buildings, commercial buildings, etc.), bridges, and other structures. There are four main types of structural engineering as listed below:

Structural Concrete Work	Structural Steelwork	Structural Masonry Work	Structural Woodwork
<ul style="list-style-type: none"><li>• This type of building consists of a frame or skeleton of concrete.</li><li>• Concrete structure has long durability and can be poured into a variety of shapes and sizes to suit the building design. It has good performance on fire resistance. As raw materials needed are relatively easy to procure, this structure type is considered to be cost-effective.</li></ul>	<ul style="list-style-type: none"><li>• A structure which is made from the organised combination of custom-designed structural steel that forms the framework of a building.</li><li>• This type of structure has several useful features such as strong strength, light weight, high formability and good heat resistance.</li></ul>	<ul style="list-style-type: none"><li>• It involves creating a building, wall, floor or other structure with bricks, blocks or stone. Cement mortar or grout holds the masonry units together.</li><li>• Masonry units are available in multiple colours, shapes, and sizes. The materials require little maintenance even in extreme climates because of their durability.</li></ul>	<ul style="list-style-type: none"><li>• A kind of structure that is made of wood</li><li>• Wood is a simple and easy-to-use structural material. Wood structures are of light weight, and wood components are relatively easy to transport, assemble and disassemble, which can also be used repeatedly. It is normally used in housing construction, and also for bridges and towers.</li></ul>

Source: F&S

### Structural steelwork

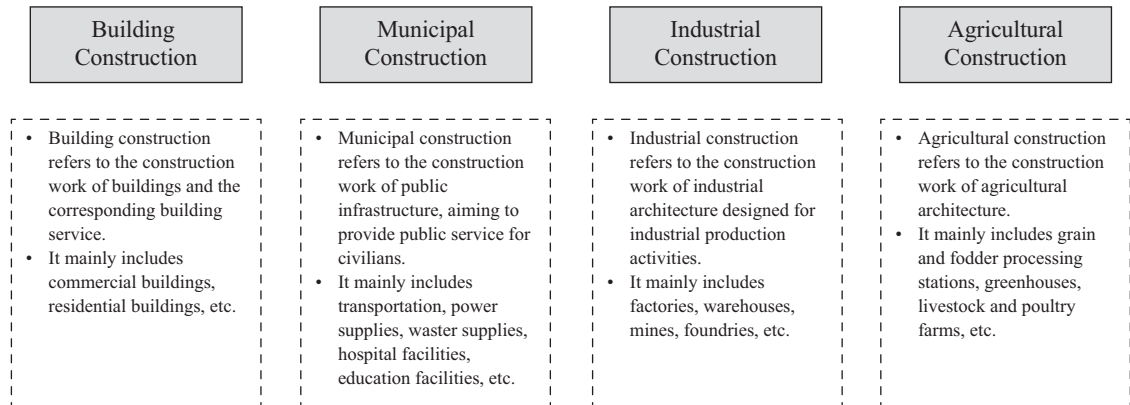
The employment of structural steelwork is increasingly popular among the global construction industry. It is often preferred over structural concrete due to (i) environmental considerations that the majority of steel used in construction is recyclable; (ii) accelerated scheduling because prefabrication allows shorter on-site construction; and (iii) possibility of complex structures like extremely long open spans.

The installation of steel structures requires a labour force with specialised skills. It is therefore common for players in the steel structure construction industry to possess a team of in-house direct skilled labour.

# INDUSTRY OVERVIEW

## Definition and main types of construction engineering

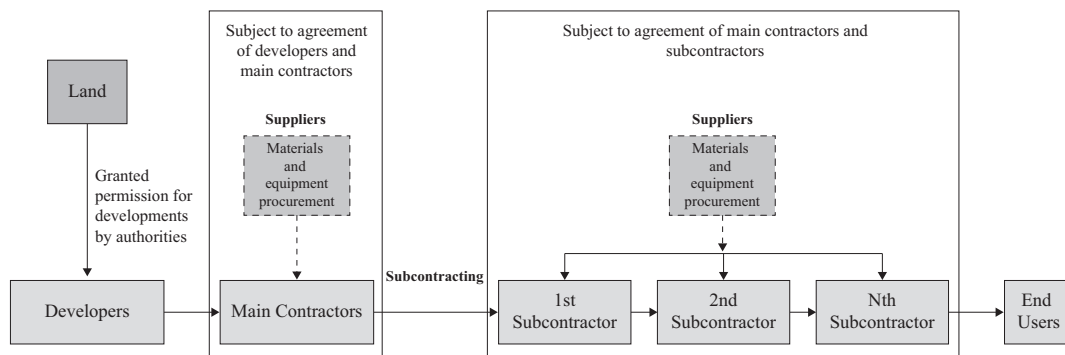
Construction engineering involves the processes of designing, planning, construction and demolition of buildings and infrastructure systems. Construction engineering can be divided into four main project types, namely, building construction, municipal construction, industrial construction and agricultural construction.



Source: F&S

## Value chain analysis

The value chain of the civil engineering market usually involves four key stakeholders, namely real estate developers, main contractors, subcontractors, and end users.



Source: F&S

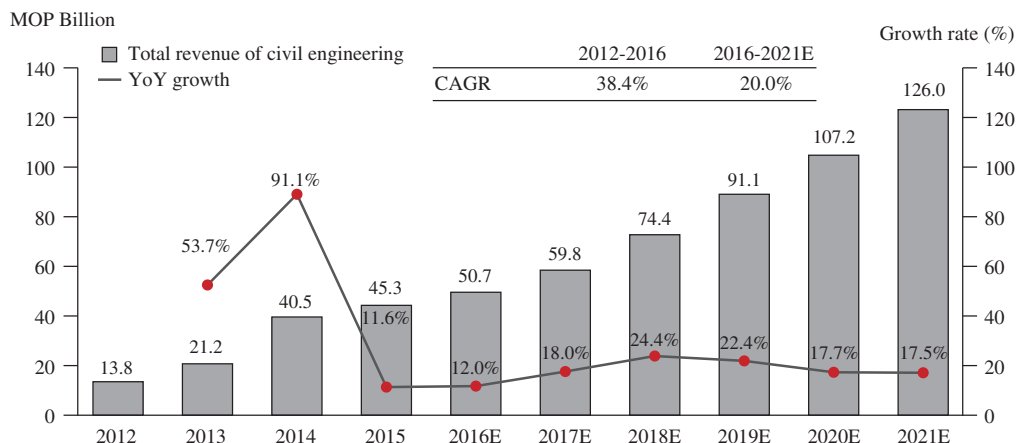
- **Developers:** Performing real estate development planning for profits. They work closely with main contractors to explain requirements of projects.
- **Main contractors:** Responsible for project management, coordination and quality control.
- **Subcontractors:** Specialised in professional construction areas to serve main contractors.
- **Suppliers:** Provide necessary materials and equipment for construction projects.

## INDUSTRY OVERVIEW

### Market size

In the past few years, the total value of the civil engineering market has risen from approximately MOP13.8 billion in 2012 to approximately MOP50.7 billion in 2016 at a CAGR of approximately 38.4%. Stimulated by the economy of Macau and the continuous inbound investment, the growth rate began to rise in 2016. The total revenue of the civil engineering market in Macau is estimated to grow at a CAGR of approximately 20.0% and reach approximately MOP126.0 billion in 2021.

#### Total revenue of civil engineering in Macau, 2012-2021E



Source: F&S

### Market drivers and opportunities

- *Expansion of tourism industry with stronger demand for civil engineering services in Macau*

In 2016, the PRC government has stated in its 13th Five Year Plan that Macau, as a famous entertaining city located in south-east China, will be positioned as a world famous tourism and leisure center. To achieve this promising objective, the Macau government has launched various initiatives and measures, such as organising special events, to boost the city's tourism industry. With an optimistic prediction of tourism development in Macau, several large scale hotel and entertainment facilities construction projects are already under construction, promoting the development of the construction service market in general. Moreover, ongoing or expected upgrading and renovation of existing hotels, casinos and other entertainment venues will also boost the growth of civil engineering and other segments of the construction service market.

---

## INDUSTRY OVERVIEW

---

- *Increasing land supply by land reclamation for further development in Macau*

According to Statistics and Census Service (DSEC) of the Macau Government, the gross land area in Macau has demonstrated an overall growth from approximately 29.7 square kilometers in 2010 to approximately 30.4 square kilometers in 2015, which is mainly contributed by land reclamation. The reclamation activities as well as the following new construction activities are both anticipated to drive the development of the construction service industry in Macau. Demolition of old buildings, upgrading and renovation of existing buildings as well as construction of new buildings will be needed to perform the land redevelopment, thus resulting in further development of Macau's civil engineering market.

- *Mainland China's Strategy of "Guangdong-Hong Kong-Macau Greater Bay Area"*

The implementation of "Guangdong-Hong Kong-Macau Greater Bay Area" strategy is expected to directly benefit Macau's construction service industry. "Guangdong-Hong Kong-Macau Greater Bay Area" strategy covers the area of Guangdong province (nine cities), Hong Kong and Macau, which altogether have a population of around 100 million and contributing a total of USD1.3 trillion to GDP. In March 2017, it was stated in the government work report that "Guangdong-Hong Kong-Macau Greater Bay Area" strategy would be in implementation. Closer ties with Mainland China, especially the relatively well-developed Guangdong Province can create many new opportunities for the development of the civil engineering market in Macau.

### **Development trends**

- *Main contractors extend their scope of services*

Understanding the growing need for professional construction services in the market, main contractors tend to leverage their existing connections and trusted capabilities to extend their market coverage. In particular, considering the tightened timeline and increased level of complexity in building construction, more main contractors prefer to diversify their construction functions instead of purely outsourcing relevant tasks to subcontractors after being awarded a project. It can generally assist main contractors to better compete in the tendering process of construction projects and to stand out amongst the competition by offering extended services as integrated construction-related services providers.

- *Environmentally-friendly construction works*

Eco-friendly technologies and materials are anticipated to be widely used in the construction service industry to promote "green" buildings. Construction works involving such technologies and materials can save resources, reduce waste and protect the environment to a larger extent in the whole life cycle of the architecture with the purpose of providing a healthy, comfortable and energy-efficient living space for the residents. With higher awareness to being eco-friendly among Macau's residents and the worldwide emphasis on environment protection, it is a trend that more effort will be placed on environmental friendliness.



## INDUSTRY OVERVIEW

- *More regulated with professional associations' contribution*

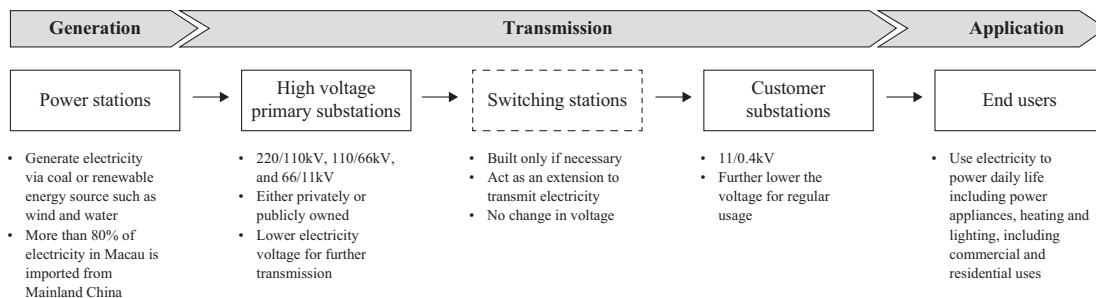
The civil engineering market covers a wide range of construction related areas and some of them, such as structural steelwork, are considered as relatively new fields compared with others in Macau and is thus still going through promising development towards maturity. With the establishment of several professional associations, for example, the Macau Metal Structure Association, more industry norms are being established through the consultation of advanced experiences worldwide, especially from developed countries, and via meaningful seminars among professionals (local or international) from government sector, business sector as well as academic sector. By reaching industry consensus through studies and discussions held by such specialised associations, these new areas will be more regulated and thus are expected to achieve better development in Macau in the future.

### OVERVIEW OF THE HIGH VOLTAGE POWER SUBSTATION MARKET IN MACAU

#### Definition

- High voltage power substations are interconnection points within the power transmission and distribution systems across regions and countries. In Macau, high voltage power substations are consisted of three major types, namely, 220/110kV, 110/66kV, and 66/11kV.

#### Value chain analysis



Source: F&S

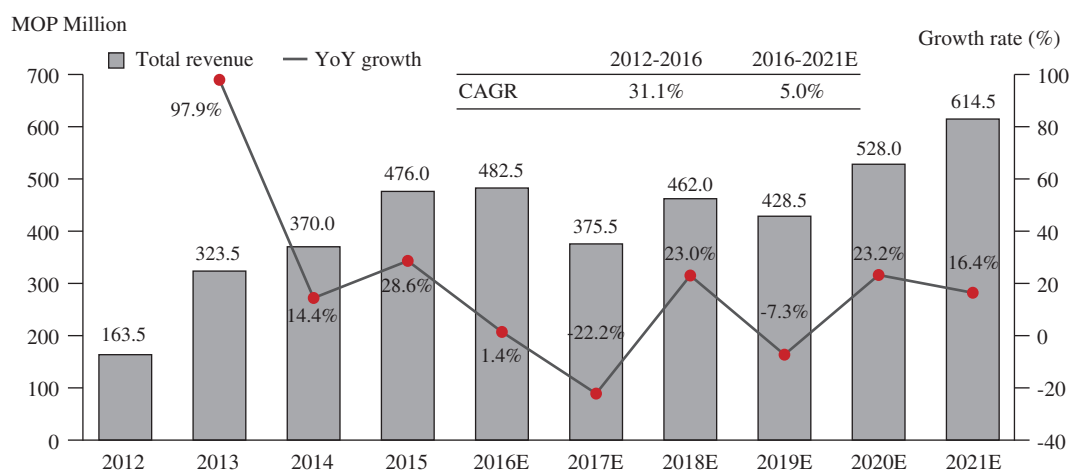
The value chain of power transmission starts from electricity generation by power stations as upper stream. Mid-stream includes electricity transmission and distribution conducted by high voltage primary substations and customer substations, respectively, to firstly transport high voltage electricity, then convert it into low voltage electricity for distribution, together with the involvement of switching stations to supply electricity to different places. Residential, commercial and other premises are at the downstream to use electricity for various activities.

## INDUSTRY OVERVIEW

### Market size

- To cater for the increasing demand of electricity power brought by the booming number of tourists and gamblers, the total revenue of high voltage substation construction service in Macau has increased from approximately MOP163.5 million in 2012 to approximately MOP482.5 million in 2016.
- The total revenue of high voltage power substation construction service industry is expected to continue growing at a CAGR of approximately 5.0% from approximately MOP482.5 million in 2016 to approximately MOP614.5 million in 2021.

### Total revenue of high voltage power substation construction service in Macau, 2012-2021E



Source: F&S

The number of high voltage power substations to be constructed in Macau is limited by the overall city planning in Macau after considering factors including but not limited to (i) population; (ii) number of tourists; (iii) land supply; (iv) number of new buildings to be built; and (v) economic benefits generated comparing to the relevant construction costs.

Driven by the plan of Macau New Urban Zone with five districts under land reclamation, it is expected that there will continue to be new high voltage power substations constructed in the coming years. The table below sets forth the estimated number of new high voltage power substations to be constructed in Macau each year from 2018 to 2021:

Year	2018	2019	2020	2021
Estimated number of new high voltage power substations to be constructed in Macau	3	1	3	3

Source: F&S

---

## INDUSTRY OVERVIEW

---

### Market drivers and opportunities

- *The development of tourism-related service industries and higher commercial electricity demand*

The huge potential of Mainland China's population, with the increase in per capita income and the popularity of tourism, has promoted the development of the overall service sector in Macau. In the past few years, the number of tourists from Mainland China constituted a large proportion of all tourists visiting Macau and is projected to maintain this positive trend. Tourism and other related service industries have contributed to a series of market developments including logistics, transportation, hotels, restaurants, shopping and so on. The development of these service industries results in higher demand for electricity. More substations are thus of necessity for the continuous development of Macau's economy.

- *The need to reduce substation's transmission and distribution losses and improve stability*

Some of the existing high voltage power substations in Macau are becoming less efficient in terms of transmission and distribution, and may cause extra losses of energy due to obsolescence of electrical equipment and parts. In addition, the gradual aging of existing substations may render the power system unstable with higher maintenance fees. With the development of related technology, new high voltage power substations that can better meet the energy-saving requirements and are relatively easy to maintain and regulate are required for the replacement of some aging high voltage power substations to upgrade the whole power system.

- *Stable growth in population with more electricity consumption*

According to the statistics of IMF, the population of Macau has maintained a relatively stable growth for a long period and this upward trend is expected to continue in the coming years. The increase in population inherently leads to a higher electricity consumption level. At the same time, the number of high-voltage substations in Macau have been continuously increasing to help relieve power consumption pressure from population growth. With the stable growth of total population in Macau, the demand for more high-voltage substations will continue to increase.

### Development trends

- *Introduction of intelligent substation system*

With the expansion of Internet of Things (IoT) into different areas, substation facilities are expected to become more intelligent with the use of built-in sensors to monitor the status of key equipment, and data obtained through the network will be effectively organised through data mining to achieve optimal management of substation operation. The introduction of intelligent substation facilities will improve the efficiency of equipment management decision-making process and thus reduce operation and maintenance costs effectively. Through the development of power network and information network incorporated within smart substation systems, digital substation management will maximise the equipment utilisation level.

## INDUSTRY OVERVIEW

- *Integration of protection and monitoring*

The integration of protection and monitoring devices has a key advantage of higher degree of function centralisation, which can guarantee the stability of information collection and facilitate the control of equipment. Currently, the concern of this integrated system is that the reliability of such device must be extremely high; any form of maintenance can interrupt the operation of substations, which limits its application range. However, with the continuing development of substation construction and system installation technologies, as well as the emergence of online maintenance, the integration of protection and monitoring devices will be widely applied for primary substations with voltage level above 110kV as well.

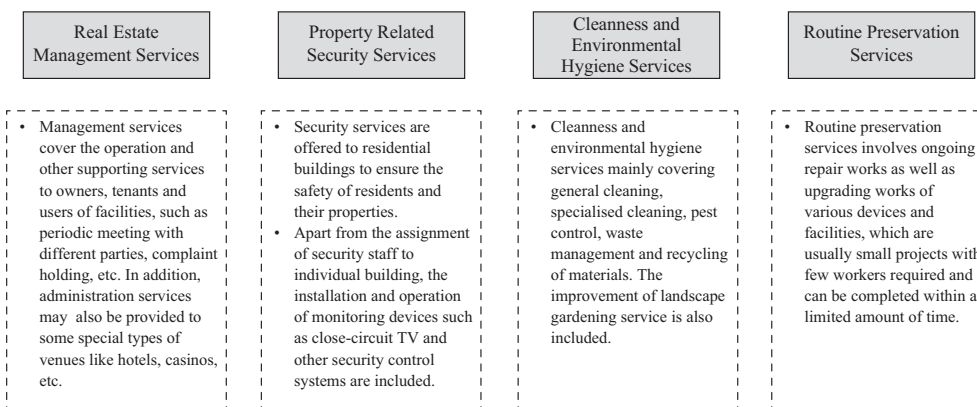
- *Adaption to intermittent power supply*

In accordance with the growing awareness of environmental protection, the development of renewable energy, as an important theme of low-carbon economy has become the mainstream for power generation in the future. With strong support from Chinese government as well as Macau governmental body, the proportion of renewable energy consumed in Macau will be greatly improved. This type of power generation will lead to a higher proportion of intermittent power, especially wind power and solar power which are influenced by nature. Therefore, substations should be adapted to be more suitable for such intermittent power supply to maintain the stability of power transmission and distribution.

### OVERVIEW OF THE FACILITIES MANAGEMENT MARKET IN MACAU

#### Definition and segmentation

According to the definition given by the International Facility Management Association (IFMA), “Facility management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology.” The scope of facility management services usually covers the following four categories:

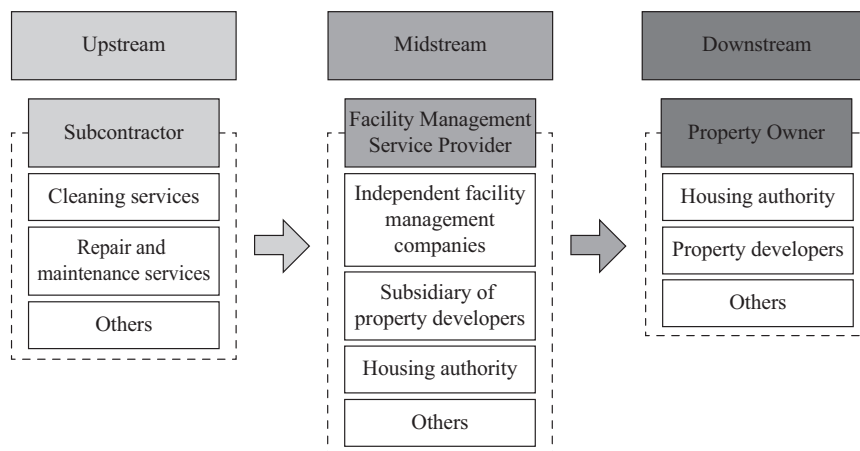


Source: F&S

## INDUSTRY OVERVIEW

### Value chain analysis

In general, the value chain of facilities management market consists of subcontractor, facility management service provider and property owner, and the flow of service is illustrated below.

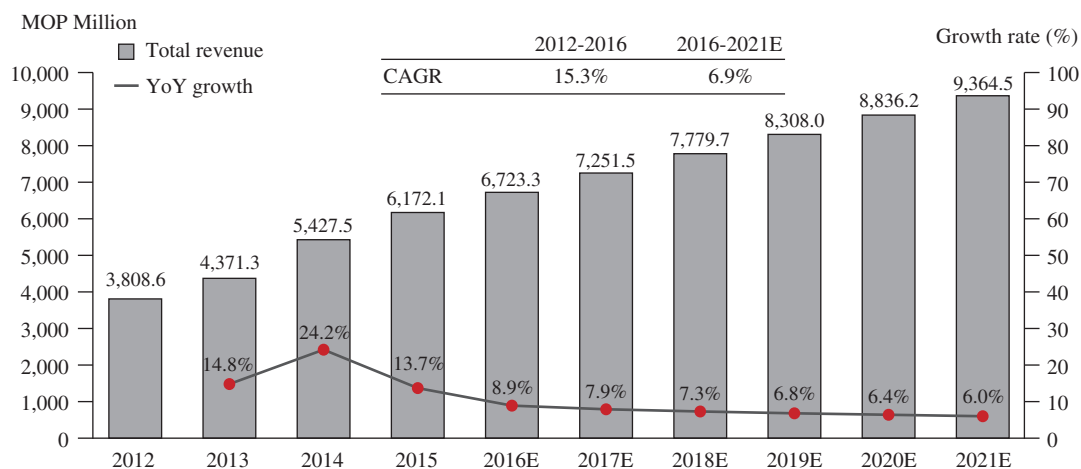


Source: F&S

### Market size

With rising awareness of both property owners and users regarding the importance of facility management in Macau, the total value of the facilities management market in Macau has risen from approximately MOP3,808.6 million to approximately MOP6,723.3 million from 2012 to 2016, representing a CAGR of approximately 15.3%. Going forward, the total revenue of facility management in Macau is expected to demonstrate a continuous growth trend, rising from approximately MOP6,723.3 million in 2016 to approximately MOP9,364.5 million in 2021 with a CAGR of approximately 6.9%.

#### Total revenue of the facilities management market in Macau, 2012-2021E



Source: F&S

---

## INDUSTRY OVERVIEW

---

### Market drivers and opportunities

- *Growing awareness of the advantages of facility management*

As stated by Macau Facility Management Association (MFMA), facility management in Macau is at a relatively early stage and mainly involves comprehensive entertaining facilities (e.g. casinos). However, it is expected to expand to other facilities such as hospitals in the near future as with increasing awareness regarding the benefits brought by facility management. In fact, facility management is considered an effective method to improve the efficiency of facility operation, higher safety levels and better end-user experiences. Since facility management can maximise user satisfaction as well as increase the asset value for property owners, it is commonly seen and it is believed that it will have further development in Macau.

- *Higher expectation in standards and requirement*

Facility management and maintenance services are on a rising trend of industry advancement in order to cope with more sophisticated user requirements. As a service-oriented industry, facility management becomes increasingly important, and higher preference will be given to providers with the capability to offer comprehensive services with a certain degree of customisation. Hence, the high requirements from owners and users highlight the importance and potential opportunities for those players that could offer better services. In addition, some facility management services are offered as one-stop solution packages that cover a comprehensive range of services, which may be preferred by owners due to convenience and cost-effectiveness.

- *Rising supply of new buildings and the aging of existing buildings*

According to Macau Management Association (MMA), facility management involvement begins from the pre-construction stage throughout the entire life cycle till eventually disposal of the asset. Hence, the growing supply of land through land reclamation in Macau that generates opportunities for new construction works are likely to boost the demand for facility management services, so as to maximise the asset value of new buildings. Meanwhile, the gradual aging of existing buildings also drives the need for facility management to maintain the conditions of a facility and to prolong its service duration without compromising facility users' satisfaction level. In particular, with the development of tourism industry in Macau, new hotels, resorts and casinos are being built or planned to be built, which all have demand for facility management services. In the meantime, to remain attractive to tourists and guests, existing entertainment venues also require facility management services to enhance their competitiveness.

- *Specialisation and complexity of businesses*

With the increasing complexity of businesses, more and more property owners are searching for capable facility management companies to provide needed professional services efficiently and effectively. Outsourcing facility management services to specialised companies help relieve the resource burden of reserving relevant in-house staff and equipment.

---

## INDUSTRY OVERVIEW

---

Furthermore, relying on professional facility management service providers can not only ensure service quality but also help property owners to remain focused on their core business to achieve better performance.

### Development trends

- *Wider service coverage and value-added services*

In view of the higher living standards and growing number of high-end residential and commercial buildings available in market, facility management services may need to enhance their service coverage and quality in order to meet the requirement from property owners, residents and visitors. For example, as there are an increasing number of sports and recreation facilities available in private residential premises, facility management service providers may organise related training courses or other activities and provide online court booking services to improve customer satisfaction. On the other hand, high quality service should be delivered through timely response to customer's complaints and requests (e.g. parcel delivery, transportation, tools for lending and catering services).

- *Advancement of technology and services*

To enable easy access to facility management service, some service providers have incorporated the latest technology for communication with stakeholders and daily operation management. Apart from acting as an online portal for information exchange and update, mobile applications are developed by facility management service providers to offer related services such as online payments, booking of facilities and providing regular information feed on activities and online registration etc. to tenants and residents. Meanwhile, the digitalised system allows service providers to have more control on monitoring and reporting on the condition of property, venue and facilities, leading to better management and increased owners' satisfaction.

- *Incorporation of factors in connections with green building*

With the growing awareness towards environmental protection, there are increasing number of green elements being incorporated into the design and operation of buildings, especially in commercial and residential sectors. In accordance with the general market's demand for green building, facility management service providers are motivated to take green building related factors, such as operation management, energy and water use, indoor environmental quality, into account in order to provide better services.

## COMPETITIVE LANDSCAPE OF THE CONSTRUCTION MARKET IN MACAU

### Civil engineering market in Macau

The civil engineering industry in Macau is fragmented and highly competitive with a number of small-medium sized service providers. It is estimated that there are more than 100 players of various scale in the industry.

---

## INDUSTRY OVERVIEW

---

Players in the civil engineering industry often specialise in serving one particular group of clients, either public sector (including governmental infrastructure, public housing, etc.) or private sector (including commercial buildings, theme parks, etc.). To become a successful player within the industry, one is required to (i) maintain a positive brand reputation with decent past project experience; (ii) possess a labour force that is able to carry out construction projects in an efficient manner; and (iii) score tenders on a regular basis.

Large scaled players within the civil engineering industry are often non-Macau based. These players are usually main contractors who compete for the entire construction tender. They further subcontract parts of the project to various specialists like steel structure specialists and super structure specialists. Small-medium scaled players within the industry often specialise in a particular part of the construction project. In general, they are not able to act as main contractors due to various constraints. They would in turn search for smaller scaled construction projects, and at the same time maintain close relationships with main contractors so as to get invited for new projects to ensure stable income stream.

### Ranking

The following table sets out the estimated revenue and market share of the top five Macau-based players in the Macau civil engineering market in 2016:

Rank	Company	Estimated revenue in 2016	Market share
1	Company A <sup>1</sup>	MOP3,122.8 million	6.2%
2	Company B <sup>2</sup>	MOP1,509.3 million	3.0%
3	Company C <sup>3</sup>	MOP793.1 million	1.6%
4	Company D <sup>4</sup>	MOP241.7 million	0.5%
5	Our Group	MOP215.5 million	0.4%

Source: F&S

1. Company A was incorporated in 1982 and is principally engaged in marine infrastructure construction, civil engineering, and building services. It is a wholly owned subsidiary of a mainland based group which was founded in 1980 and has become a joint-stock company since 2004. Company A has completed several large municipal construction projects and commercial building construction projects in Macau.
2. Company B was incorporated in 1996, and is principally engaged in foundation work, building services, and other construction services. It belongs to a group which also has Hong Kong and Mainland subsidiaries. Company B is mainly involved in municipal construction projects and residential building construction projects in Macau.
3. Company C was incorporated in 1989 and is principally engaged in civil engineering, structural steel construction and high voltage power substation construction. As a Macau based company, it also has business within the fields of decoration, painting, water proofing work etc.
4. Company D was incorporated in 1982, and is principally engaged in foundation work and other civil engineering services. It is a Macau based company which has taken several municipal construction projects in Macau.



---

## INDUSTRY OVERVIEW

---

### High voltage power substation market in Macau

The high voltage power substation construction market in Macau is highly concentrated, with less than 10 identifiable players to carry out high voltage power substation construction projects.

High voltage power substation construction tenders are usually competed on a consortium basis. Such consortium is usually formed by (i) an international power generation solutions provider to provide power generation solutions and the related high voltage core electrical equipment, and (ii) a local construction contractor with the relevant high voltage power substation construction capabilities and experience in order to provide the one-stop “design, build, operate and maintain” turnkey solution of high voltage power substations to the customers.

For the construction of public substations, the public utility company with the sole concession to transmit, distribute, and sell high, medium and low voltage electricity in Macau preferred contractors with a good track record of substation projects. These contractors tend to complete a substation construction project more efficiently than other contractors who have no experiences, and tend to be more detail oriented, riding on their industry experiences.

Regarding the construction of private substations in commercial buildings, clients tend to pick contractors who have an in depth understanding of the electricity network know-how, and are able to customise high voltage power substations according to the need of a specific building.

### Ranking

The following table sets out the estimated revenue and market share of the top three players in the Macau high voltage power substation construction market in 2016:

Rank	Company	Estimated revenue in 2016	Market share
1	Company C	MOP209.4 million	43.4%
2	Our Group	MOP186.7 million	38.7%
3	Company F <sup>5</sup>	MOP56.9 million	11.8%

Source: F&S

5. Company F was incorporated in 1988 and is principally engaged in civil engineering, fitting out and high voltage power substation construction. It is a Macau based company and has completed several municipal construction projects in Macau.

---

## INDUSTRY OVERVIEW

---

### **Facilities management, alteration and maintenance works and services market in Macau**

The facilities management market in Macau is fragmented, as there are a large number of companies present in the market. According to the Statistics and Census Service (DSEC) of the Macau Government, the number of real estate management services establishments increased from 177 in 2010 to 216 in 2015, representing a CAGR of 4.1%, which was mainly driven by the increasing supply of commercial (especially hotels and casinos), residential and office buildings and the rising corresponding demand for facilities management of properties in Macau.

Major facilities management service providers in Macau include independent facilities management companies, subsidiaries of property developers and the housing authority Instituto de Habitação (i.e., “房屋局”, which is mainly involved in the market by assisting the establishment and operation of owners’ management committee of individual buildings). The top industry players in Macau usually offer a wide variety of services, including cleaning, repairs and maintenance etc. to obtain market share. In 2016, our Group had a relatively limited market share of approximately 0.7% of the total facilities management market in Macau.

However, it is not feasible to analyse the industry landscape of alteration and maintenance works and services, as well as to identify the market share of other market players, because (i) the commonly defined segment of alterations and additions (“A&A”) works covers a broad range of works, while alterations and maintenance works and services only represents a small portion of A&A works, and (ii) there is a lack of financial information of the market participants in the alteration and maintenance works and services market, even for listed companies, in publicly disclosed documents as the alteration and maintenance works and services often only represent a limited, if not insignificant, portion of the revenue of these listed companies.

### **Entry barriers**

- *Company reputation*

Customers in the civil engineering industry prefer working with contractors who have well-established reputation. Companies with good reputation are those that are able to complete construction projects in high quality, efficiently, and safely. It is also common for clients to keep a list of qualified contractors for future cooperation. Therefore it will be challenging for new entrants without any previous project experience to score tenders.

- *Labour force*

Labour force is critical to achieve quality project outcomes, which helps to build up a company’s reputation. Industry players will therefore need to keep a talent pool of key personnel such as project managers, supply chain managers, engineers, direct labour and so on. It is difficult for newcomers to recruit talents within a short period of time.

---

## INDUSTRY OVERVIEW

---

- *Professional networks*

A sustained professional network is important to the success of players in the high voltage power substation construction market. On one hand, players need to maintain a decent relationship with the governmental institution that is responsible for electricity management. On the other hand, players are required to keep contact with a variety of suppliers, especially transformer suppliers and subcontractors to obtain necessary resources throughout the construction process.

- *Sufficient capital flow*

The construction of high voltage power substations requires sufficient capital flow. The project payment term could be as long as six months to 18 months, depending on project nature and cash flow liquidity of contractor. Contractors would need to pay their expensive suppliers and subcontractors upfront for timely commencement of the construction project. A robust capital flow is therefore critical to stay competitive within the industry.

### **Threats and challenges**

The pressure from environmental protection is rising in the construction field. The increasingly strict legislation and consumer demands require contractors to employ environmentally friendly building materials and construction mechanisms, which often implies a heavier cost and lower profit margin. On the other hand, the imbalance of labour supply and demand has always been a problem. The gradually increasing labour cost and decreasing supply of skilled labour may slow down the development of the construction industry. The competition in the construction field is also getting fiercer, as there are more non-Macau based players, including those from mainland China and the West, trying to take a share from the enlarging pie of the Macau construction industry.

### **Competitive strengths of our Group**

Our Directors believe that we possess a number of competitive strengths over our competitors. Further information on which is set forth in “Business – Our competitive strengths” of this prospectus.

---

## REGULATORY OVERVIEW

---

### MACAU LAWS AND REGULATIONS

#### Laws and regulations in relation to construction business

The Land, Public Works and Transport Bureau 土地工務運輸局 (“DSSOPT”) is the relevant regulatory and supervisory authority of construction industry in Macau, providing public services like land leasing, construction project approval, construction work licensing, ruined and badly-maintained building examination, issuance of urban alignment plan, constructor and professional registration, etc, with its functions as set forth in Decree Law no. 29/97/M dated 7 July 1997.

With respect to the construction industry, DSSOPT has its major functions on:–

- (a) Issuance of construction license (and relevant completion license with powers to inspect the works);
- (b) Registration of licensed constructor;
- (c) Registration of licensed construction technician.

The relevant legal framework for construction industry is regulated by Decree Law no. 79/85/M dated 21 August 1985 (“**Decree Law no. 79/85/M**”, also known as General Regulation of Urban Construction) and Law no. 1/2015 dated 5 January 2015 (“**Law no. 1/2015**”).

The said Decree Law no. 79/85/M mainly regulates the procedures of construction license (including the license of demolishing building) and the registration of licensed constructor. Pursuant to the said Decree Law, the execution of construction works must only be carried out by company constructors or individual constructors that are duly registered with DSSOPT. Works carried out without a construction license shall lead to an administrative fine varying from one thousand Macau Patacas (MOP1,000.00) to twenty thousand Macau Patacas (MOP20,000.00).

For registering as a licensed constructor, it is required to submit an application form as signed by a licensed construction technician (whose registration procedure to be described below), along with the lists of completed works, equipment and employed staffs, for the assessment of DSSOPT. In general, due to the further examination on the issuance of construction license for individual civil works to be undertaken by the constructor and the licensed construction technician in its application, DSSOPT does not carry out substantial examination on the provided information in the construction registration and it is uncommon that the registration of licensed constructor (and its renewal) is denied.

---

## REGULATORY OVERVIEW

---

Upon the approval from the DSSOPT, the licensed constructor is required to pay an annual fee at the amount of six thousand and six hundred Macau Patacas (MOP6,600.00) and its information will be published in the DSSOPT's website.

The validity of the constructor registration lapses at the end of the year that the registration or its renewal is applied no matter which month the related application is submitted. Application of renewing the said registration shall be submitted within January on the next year; otherwise, the registration will be completed cancelled.

Pursuant to article 8 of the Decree Law no. 79/85/M, all the construction plans to be submitted to DSSOPT must be signed by licensed construction technician, as registered under the regulations of Law no. 1/2015.

Pursuant to the said Law no. 1/2015, the Commission of Architecture, Engineering and Urbanism ("CAEU") is the public authority responsible for the accreditation of construction technicians before their registration with DSSOPT, by means of verifying the academic qualification of candidates, organising the admission exam and issuing the professional certificates.

For obtaining the professional certificate from CAEU, candidates with relevant degrees in construction subjects must present the relevant documents, participate in a traineeship not less than 2 years and be approved in an admission exam as organised by CAEU.

Once obtained the respective professional certificate as issued by CAEU, the qualified technicians are still required to be registered with DSSOPT, being a licensed construction technician, for the purposes of being allowed to render services in (i) draft of projects, (ii) direction of works and/or (iii) supervision of works.

The annual fee of licensed construction technician is six thousand and six hundred Macau Patacas (MOP6,600.00) and the validity of the construction technician registration lapses at the end of the year that the registration or its renewal is applied no matter which month the related application is submitted. Application of renewing the said registration shall be submitted within November and December of each year; otherwise, the registration will be completed cancelled. Moreover, the licensed construction technician must be covered by a valid and effective liability insurance insuring against all the losses arising from rendering of the relevant services.

For the year of 2017, EHY Construction and Engineering and SHY Engineering Construction were entitled to execute construction works in Macau under the constructor enrolment with DSSOPT, not covering the drafting of projects and the works supervision.

---

## REGULATORY OVERVIEW

---

### Laws and regulations in relations to labour

The labour legal framework of Macau are specifically regulated by Law no. 7/2008 dated 18 August 2008 (“**Law no. 7/2008**”) and the regime of hiring non-resident workers is governed by Law no. 21/2009 dated 27 October 2009 (“**Law no. 21/2009**”).

Pursuant to article 17 of Law no. 7/2008, employment of a local adult is not subject to written form and can be made by verbal contract. However, under the Macau labour laws, a fixed-term employment is an exceptional regime based on the temporary necessity of the enterprise subject to written contract in which the rationale temporary necessity must be specified.

Furthermore, the remuneration of employees must be paid by the legal tender of Macau, i.e. the Macau Patacas.

In accordance with Law no. 21/2009, for the purpose to work in Macau, non-residents must obtain a valid work permit issued by the Macau Labour Bureau and register themselves as non-resident employees with the Immigration Department of the Macau Public Security Police Force.

The granting of work permits shall be filed with the Macau Labour Affairs Bureau by the employer together with the reasons for hiring foreign workers instead of local residents, along with the provision of supporting documents (e.g. vacancy registration with the Macau Labour Affairs Bureau, contracts to prove the lack of manpower for large-scale works).

Should the work permit be granted, the Macau Labour Affairs Bureau will set out the valid period of the work permit (the term of any labour contract pursuant to the work permit must not exceed the valid period of the related work permit) and requirements for the validity of the work permit (e.g. determination of work site, undertaking to hire a certain number of local workers). If any of the validity requirements are violated, the related work permit may be revoked.

Pursuant to the Law no. 21/2009, foreign workers are categorised into:

*(i) Skilled workers*

For the occupation of a post which requires a high degree of specialisation, the non-residents should hold tertiary-level degrees or have highly qualified technical skills or professional experience;

The request of a work permit for a skilled worker is made for a particular candidate (non-resident) and the qualification of the candidate (non-resident) is one of the criteria in the assessment to be conducted by the Macau Labour Affairs Bureau. As such, the related qualification documents are required to be submitted for the work permit request.

*(ii) Non-skilled workers*

The request of work permit for non-skilled workers are made on a no-name basis, hiring non-designated workers for particular positions. As such, it is not necessary to provide any personal information of the particular candidate (if any) in such request.

---

## REGULATORY OVERVIEW

---

### *(iii) Domestic workers*

Moreover, under the same decree law, the registration of non-resident employee work permit with the Immigration Department of the Macau Public Security Police Force must be filed within six months after the granting of valid work permit, or the work permit shall expire.

The non-resident employees, who are not duly authorised to work in Macau, may face civil and criminal charges, given that pursuant to the immigration rules in Macau, non-resident employees, who are not authorised to work in Macau, are not allowed to perform any kind of professional activity in this jurisdiction.

In particular, under the terms of chapter IV of Law no. 21/2009, without prejudice to other sanctions that may be applicable, the following fines may be imposed:

- A fine ranging from five thousand Macau Patacas (MOP5,000.00) to ten thousand Macau Patacas (MOP10,000.00), to the employee that works in the Macau SAR without authorisation;
- A fine ranging from five thousand Macau Patacas (MOP5,000.00) to ten thousand Macau Patacas (MOP10,000.00), to the employee who works to different employer than the one to which it has been authorised to work for.

Besides, workers who are not performing in accordance with the scope as stated in their work permits shall also be considered as illegal working, which will lead to an administrative fine varying from ten thousand Macau Patacas (MOP10,000.00) to forty thousand Patacas (MOP40,000.00) payable by the employer. The mentioned fine shall not exempt their criminal liability and the possibility of revoking the given work permits by the Macau Labour Bureau.

Further to that, in accordance with chapter I and V of the Law no. 6/2004 dated 2 August 2004, those who stay in the Macau beyond the authorised staying period are considered to be illegal immigrants and, thus, may be subject to detention and further expulsion from Macau. In addition to the foregoing, such illegal immigrants may be prevented from entering the territory again for a certain period of time, being that if the said person(s) infringe the determined prohibition may face imprisonment up to one year.

Pursuant to Decree Law no. 40/95/M dated 14 August 1995, it is mandatory for employer to insure labour insurance against the occupation accidents and diseases of the employees under the consolidated policy as set forth in the Order no. 237/95/M dated 14 August 1995.

---

## REGULATORY OVERVIEW

---

### Laws and regulations in relations to environment protection and pollution

The fundamentals of the legal regime of environmental protection law of Macau, which is applicable to every individual and corporate entity, are the Basic Law of Macau, Law no. 2/91/M dated 11 March 1991 (“**Law no. 2/91/M**”), which is also known as the environmental law, and series of international conventions in related fields applicable to Macau.

Article 119 of the Basic Law of Macau states that “The Macau Special Administrative Region shall carry out the protection of environment in accordance with law”. To implement this article together with the Law no. 2/91/M and other applicable international conventions, numbers of environmental legislations in form of law, decree law and administrative regulations have been enacted in various fields such as natural heritage protection, air, sea and sound pollutions, hygiene of environment, chemical goods, etc.

As a general rule prescribed in the Law no. 2/91/M, any violation of the environmental legislations will subject to civil liability, administrative fine or criminal punishment depending on different violations and also administrative injunction is possible to be granted to cease environmental infringement.

According to article 8 paragraph 1 of the Law no. 2/91/M, everyone is entitled to air quality suiting basic health and well-being, whether in public spaces, residential areas, workplace and others. Moreover, the paragraph 3 of the said article of the Law no. 2/91/M stipulates that any installation, machine or means of transportation whose activity may affect the air quality must be equipped with a device or other mean that can ensure compliance with legal emission limits under the penalty of being banned.

In what respects water quality, it is forbidden under article 23 paragraph 1 of the Law no. 2/91/M to discharge in marine jurisdictions any substances, liquid or solid residues that may, somehow, pollute the water, beaches, shoreline, as well as flora and fauna, such as oil products or oil containing mixtures, or other chemical substances set in applicable international agreements or conventions.

Furthermore, in Macau, there is a general rule prescribed in General Regulation of Public Place (公共地方總規章), as approved by Administrative Regulation no. 28/2004 dated 16 August 2004, that every work involved solid waste shall be arranged and conducted in order to avoid and reduce to the most extent the risk to public health and environmental damage. Under the said General Regulation of Public Place, drain water or any contaminated fluid or gas must not be released to public place.

Regarding noise pollution, it is restricted by the provisions as set out in Law no. 8/2014 dated 25 August 2014 (“**Law no. 8/2014**”), which is also known as the law for “Prevention and Control of Environmental Noise” (預防和控制環境噪音), and its subordinate rule Chief Executive Dispatch no. 248/2014 dated 1 September 2014 (“**Chief Executive Dispatch no. 248/2014**”), which sets out the applicable acoustic standard in this aspect in order to replace the Decree Law no. 54/94/M dated 14 November 1994 and its subordinate rule Order no.



---

## REGULATORY OVERVIEW

---

241/94/M dated 14 November 1994. Under the Law no. 8/2014, as supplemented by its subordinate rule Chief Executive Dispatch no. 248/2014, unless otherwise be considered as exceptional situations and approved by the relevant authority, piling is prohibited during the whole day of Sunday, public holidays and 20:00 to 08:00 during weekdays and civil construction works by using movable or fixed mechanical equipment are also prohibited to carry out within 200 meter range from the residential apartments and hospitals during the mentioned time period. In addition, percussive diesel hammer, pneumatic hammer and steam hammer are prohibited to be used in any construction.

Besides, all projects and constructions which may affect the environment or the health of residents must be subject to a preliminary study for environmental impact. Moreover, the Law no. 2/91/M prescribes that violations of the environmental legislation will lead to civil liability, administrative penalties or criminal liability (Article 268 of the Macau Criminal Code prescribes pollution-related crimes), depending on the degree of the violation in question. Furthermore injunctions may be granted in order to cease environmental infringements.

The regulatory authority in charge of environmental protection matters is the Macau Environmental Protection Bureau which has promulgated certain environmental protection guidelines in relation to different kind pollution in connection to construction site, such as renovation, demolition and noise. However, police authorities are also legally entitled to monitor the compliance of regulation.

### *Construction safety and hygiene*

In Macau, the Decree Law no. 44/91/M dated 19 July 1991 regulates the construction safety and hygiene regulation and the consequences of violating the regulations of construction safety and hygiene is stated in the Decree Law no. 67/92/M dated 14 September 1992. By the said legislations, a basic statutory requirement for site safety was created covering general prevention, circulation and maintenance of vehicles and mechanical equipment, lifting devices, and also individual and group safety measures applicable to the workers. In particular, a contractor employing 100 workers or more in a construction site per day must appoint a qualified safety officer, who should have completed the related training course with the Macau Labour Bureau, pursuant to article 3 paragraph 2 of the Regulation of Hygiene and Safety of Construction Work, as approved by the said Decree Law no. 44/91/M. The infraction of the mentioned regime will lead to administrative fine and the relevant regulatory body is Macau Labour Bureau.

### **Applicable tax**

#### *Industrial Tax*

Pursuant to the Regulation of Industrial Tax, as approved by Law No. 15/77/M dated 31 December 1977, all entities who exercises any commercial or industrial activities are subject to the Industrial Tax.

Industrial Tax is charged every year based on the fixed rates of the activities as stated in the General Table of Activities as annexed in the same Regulation of Industrial Tax. However, most of the items subject to Industrial Tax were waived by Macau government in recent years.

---

## REGULATORY OVERVIEW

---

### *Complementary Income Tax*

The Complementary Income Tax shall be considered as profit tax in commercial or industrial activities which charges on the actual profit or estimated profit of the taxpayer pursuant to the article 4 of the Regulation of Complementary Income Tax, as approved by Law no. 21/78/M dated 9 September 1978.

Taxpayers of Complementary Income Tax are classified as either Group A or Group B.

Group A taxpayers are those entities (i) with capital not less than MOP1,000,000.00; or (ii) average taxable profits in three consecutive years of over MOP500,000.00; or (iii) requesting to change to Group A from Group B by declaration. Besides the above, all other taxpayers are under Group B.

For the Group A taxpayer, the Complementary Income Tax is assessed based on its actual profit and each of the Group A taxpayers, along with a licensed accountant/auditor, is required to submit the following documents to the Macau Financial Bureau within April to June each year:

- Income declaration under the given tax form;
- Copy of the meeting minutes approving the accounts;
- Copies of consolidated balance sheet and profit and loss account in accordance with the Official Plan of Accounting;
- Worksheets due to adjustments and the trial balance;
- Depreciation schedule under the given tax form;
- Usage of reserve fund under the given tax form;
- Supporting documents of bad debts; and
- Technical report in relation to inventory value and the criteria of valuation, general administrative costs and other necessary information for determining the taxable profits.

Group B taxpayer is not required to engage a licensed accountant/auditor nor submit the aforementioned mandatory documents that a Group A taxpayer is required to submit for tax reporting. However, a Group B taxpayer is still required to report its profit or deficit within February to March each year. The Macau Financial Bureau shall determine the estimate profit based on the type and performance of the industry that the taxpayer exercises and other factors that the same authority thinks relevant, and shall issue the taxpayer an assessment letter in which the estimated profit and the tax amount will be stated on July. Should the Group B taxpayer accept the estimate profit and pay the tax amount, the tax duties shall be complied with.

---

## **REGULATORY OVERVIEW**

---

Moreover, article 22 of the said Regulation of Complementary Income Tax sets out that for determining the earnings of construction projects whose production cycle or time for construction extends beyond one year, the completed contract method or the pro rata method can be used. As such, for the construction project extending over a year, the earnings can be totally retained on the year that the project is completed by the completed contract method or reflected year by year under the pro rata method, in which the degree of completion is based on the proportion of the incurred expenses of the completed parts to the total estimated cost of the entire project.

### **Legal proceedings**

The companies are generally subject to set-off, lawsuit, judgment, judicial proceedings, execution, attachment and other legal process in Macau and are not entitled to claim immunity or privilege with respect to themselves and any of its assets or properties on the grounds of sovereignty or otherwise in Macau.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

### OVERVIEW

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 8 May 2017. Since its incorporation, our Company has been an investment holding company with no business operation. Pursuant to the Reorganisation, as more particularly described in “Reorganisation” in this section, our Company became the holding company of our Group for the purpose of the Listing.

### OUR HISTORY AND BUSINESS DEVELOPMENT

Our history can be traced back to 2000 when Mr. Kuok founded Engenharia Hung Yip in Macau, which principally engaged in the provision of construction related facilities installation services for smaller scale construction projects. Please refer to “Directors and senior management” of this prospectus for further details of our founder.

In 2004, we were awarded a construction contract for a mega integrated resort in Macau Peninsula, Macau. From there on, we started to build upon the strength of our contacts and business experience, and in 2007, we were awarded our first structural steelworks projects for a large scale integrated resort in Cotai, Macau which also included the construction of the steelworks projects of the world’s largest water-based extravaganza located within the resort.

In March 2008, our Controlling Shareholders set up SHY Engineering Construction, a Macau company. In the same year, we were awarded a civil engineering contract from the Macau government to design and build the sterile clean laboratory at a public hospital located on Guia Hill in Macau. We also established cooperation relationship and formed a consortium with the Power Projects Partner, through which we were awarded a high-voltage power substation construction contract to design and build a power substation at Lotus, Macau. Subsequent to the civil engineering contract for the Macau government, in 2009, we were awarded a maintenance works and services contract in respect of the same project for a period of two years.

In September 2010, Mr. Sou (who beneficially owned 35% and held 15% of the share capital on trust for Mr. Lam) and Mr. Kuok Wai Hang (son of Mr. Kuok) set up EHY Construction and Engineering in Macau. In December 2010, EHY Construction and Engineering acquired the entire interest in Engenharia Hung Yip from Mr. Kuok. In May 2011, Mr. Kuok, for himself and on behalf of Mr. Lao, acquired from Mr. Kuok Wai Hang his entire interest in EHY Construction and Engineering, as a result of which, EHY Construction and Engineering became wholly-owned by our Controlling Shareholders.

In May 2012, we were awarded a series of construction works project for a Hollywood-inspired, cinematically-themed resort in Cotai, Macau.

In 2014, we further branched out into providing facilities management and maintenance works and services for our customers. Such facilities management and maintenance works and services are relatively long-term with a good prospect for renewal at the end of the contract, providing us with a stable alternative source of income is unaffected by industry cycles.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

Since then, we have been positioning ourselves as an integrated construction engineering contractor and power substations constructor in Macau, providing a wide range of structural steelworks and construction projects as well as high voltage power substation construction projects in Macau. Details of our business milestones are set out in “Our milestones” in this section.

In April 2017, we commenced the Reorganisation in preparation for the Global Offering, as more particularly described in “Reorganisation” in this section.

### OUR MILESTONES

We set forth below our key business development and milestones:

December 2000	Engenharia Hung Yip was set up in Macau.
October 2004	We were awarded a hoarding, billboard and floodlight works contract for a mega integrated resort operated by a subsidiary of a Hong Kong listed company located in Macau Peninsula, being our first construction contract from a major casino awarded after the casino operation concession was granted by the Macau government in 2002.
April 2007	We were awarded our first structural steelworks project for a large scale integrated resort in Cotai, a development project which includes the world’s largest water-based extravaganza featured within the resort which was awarded to us later on in January 2009.
March 2008	Our operating subsidiary, SHY Engineering Construction was set up in Macau.
November 2008	We were awarded a civil engineering contract from the Macau government to design and build the sterile clean laboratory at a public hospital located on Guia Hill in Macau.  Subsequent to the completion of the above contract in 2009, we were awarded a maintenance works and services contract in respect of the same project for a period of two years, being our first maintenance works and services contract which was renewed in August 2015 for a period of two years.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

- December 2008
- We first established our cooperation relationship and formed a consortium with the Power Projects Partner in respect of high voltage electricity system engineering works through which we were awarded a high-voltage power substation construction contract to design and build the 220/110kV power substation at Lotus, Macau from a sole concession public utility company which provides electricity in Macau.
- September 2010
- Our operating subsidiary, EHY Construction and Engineering was set up in Macau.
- May 2012
- We were awarded the construction works project for a Hollywood-inspired, cinematically-themed resort in Cotai.
- Between May 2012 and September 2014, we were awarded a series of construction works projects for the same themed resort in Cotai, including:
- the construction of the moving mechanism of the world's first and highest figure-8 ferris wheel;
  - design and build for 110/11kV power substation;
  - construction of the podium;
  - construction of the shuttle bus carpark, casino carpark and main entrance;
  - design and build of two 30 metre-high stainless steel statues; and
  - design and installation of the pylon sign.
- April 2013
- We were awarded the gold award (Hong Kong – Macau Region) by CCMSA for our structural steelworks for the project in relation to a large scale integrated resort in Cotai featuring the world's largest water-based extravaganza.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

November 2013

We were awarded the civil engineering contract at the site of the campus of a university of Macau in Hengqin Island for the design and build of “wet laboratory”, “dry laboratory” and “animal laboratory”.

We were awarded the structural steelworks contract for the construction of the podium roof steelwork for the “Ballroom” and the “Theatre” for a Paris-themed casino resort in Cotai.

January 2014

We were awarded our first high/medium/low voltage power system facilities management and maintenance works and services contracts, including the 24 hours operation and maintenance contract for the 110kV power substation at the Phase II of a mega integrated resort operated by a Hong Kong listed company located in Cotai.

July 2014

We were awarded a mid voltage system facilities management and maintenance works and services contract at a hotel and casino resort in a riverside building in the Old Macau district.

We were awarded the structural steelworks and civil engineering construction contract for the world’s first free-form exoskeleton skyscraper luxury hotel, which was designed by a legendary architect.

We were subsequently awarded the site management contract for the construction site under which we commenced our provision of services in November 2016.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

April 2016

We were awarded the sub-structural steelworks contract and 110/11kV high voltage power substation of E&M works contract for a well-known hotel casino which is also the first casino gaming operator in Macau.

We were awarded the following prizes in the 5th Civil Construction Safety Award Scheme\*\* (5° Prémio de Segurança na Construção Civil) organised by the Labour Affairs Bureau of the Macau government:

- Silver award of the Best Occupational Safety and Health in Integrated Hotel Construction Works\*\* (Melhor Segurança e Saúde Ocupacional em Obras Hotel Integrado);
- Silver award of the Best Security Management System used by a Contractor/Sub-contractor\*\* (Melhor Sistema de Gestão de Segurança utilizado por um Empreiteiro/Sub-empreiteiro); and
- Silver award of Sub-contractor\*\* (Sub-Empreiteiro).

Between May 2016 and February 2017

In consortium with the Power Projects Partner, we were awarded:

- a three-year high/mid/low voltage power system facilities management and maintenance works and services contract for Phases 1-3, 5 and 6 of a Venice-themed luxury hotel and casino resort in Cotai;
- a high and medium-voltage system facilities management and maintenance works and services contract for a luxury hotel resort in Taipa reminiscent of the Bellagio featuring an eight-acre performance lake with aerial gondolas.

April 2017

In consortium with the Power Projects Partner, we were awarded the 110/11kV high voltage power substation of E&M works contract for the theme park of a well-known hotel casino, which is also the first casino gaming operator in Macau.



---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

May 2017

We were awarded the power distribution system services and works contract for Hong Kong - Zhuhai - Macau Link Bridge – Macau Port of Entry (customs and immigration).

We were awarded the gold awards (Hong Kong – Macau Region) by CCMSA for our structural steelworks at the site of the world’s first free-form exoskeleton skyscraper luxury hotel and as the NSC for the project of a Paris-themed casino resort in Cotai.

The English translations of the Portuguese names are provided for identification purposes only and are marked with “\*\*”. If there is any inconsistency between the Portuguese names and their English translations, the Portuguese names shall prevail.

### **CORPORATE DEVELOPMENT**

As at the Latest Practicable Date, our Group had two operating subsidiaries in Macau to carry out our business and their major corporate development is set out below:

#### **EHY Construction and Engineering**

EHY Construction and Engineering was incorporated in Macau on 7 September 2010 as a limited liability company with a share capital of MOP40,000. As at the date of its incorporation, EHY Construction and Engineering was owned as to 50% by Mr. Sou (who beneficially owned 35% and held 15% of the share capital on trust for Mr. Lam) and 50% by Mr. Kuok Wai Hang (郭衛珩), son of Mr. Kuok.

Given that Mr. Kuok Wai Hang, son of Mr. Kuok, wishes to devote additional time to his other personal commitments, on 23 May 2011, Mr. Kuok (for himself and on behalf of Mr. Lao) acquired 50% of EHY Construction and Engineering from Mr. Kuok Wai Hang at a consideration of MOP20,000, which was determined with reference to the nominal value of the share capital of EHY Construction and Engineering and settled in May 2011. Immediately after the completion of such transfer, EHY Construction and Engineering was owned as to 50% by Mr. Kuok (who beneficially owned 35% and held 15% of the share capital on trust for Mr. Lao) and 50% by Mr. Sou (who beneficially owned 35% and held 15% of the share capital on trust for Mr. Lam). The trust arrangements concerning the shareholding interest of Mr. Lam and Mr. Lao in EHY Construction and Engineering were terminated when EHY Construction and Engineering became wholly-owned by MECOM EHY in May 2017 as part of the Reorganisation. As part of the Reorganisation, EHY Construction and Engineering became an indirect wholly-owned subsidiary of our Company pursuant to the Reorganisation. Please refer to “Reorganisation” in this section for further details.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

Engenharia Hung Yip, being the sole proprietor and the business enterprise, founded by Mr. Kuok in December 2000 and has been engaged in the structural steelworks since December 2000. In December 2010, EHY Construction and Engineering acquired the entire interest in Engenharia Hung Yip, from Mr. Kuok at the consideration of MOP100,000 which was determined with reference to its asset and foreign labour quotas as at 30 December 2010.

EHY Construction and Engineering commenced business in December 2010 and is principally engaged in (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substation construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services.

### **SHY Engineering Construction**

SHY Engineering Construction was incorporated in Macau on 12 March 2008 as a limited liability company with a share capital of MOP50,000. As at the date of its incorporation, SHY Engineering Construction was owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam and 15% by Mr. Lao, all being our Controlling Shareholders. As part of the Reorganisation, SHY Engineering Construction became an indirect wholly-owned subsidiary of our Company pursuant to the Reorganisation. Please refer to “Reorganisation” in this section for further details.

SHY Engineering Construction commenced business in March 2008 and is principally engaged in (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substations construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services.

As at the Latest Practicable Date, Controlling Shareholders held and controlled certain companies which were engaged in businesses which do not form part of our Group’s core business. Details of such businesses are set out in “Relationship with Controlling Shareholders — Delineation of business” of this prospectus.

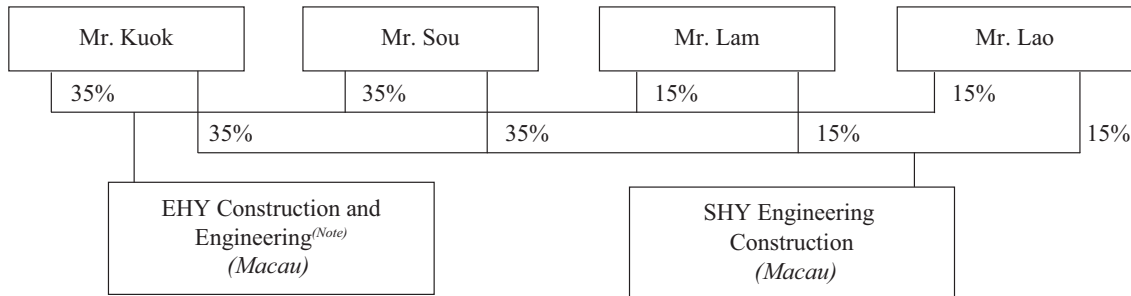
---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

### REORGANISATION

In April 2017, we commenced the Reorganisation in preparation for the Global Offering. The following chart sets forth our corporate and shareholding structure immediately before the Reorganisation:



*Note:* Each of Mr. Lao and Mr. Lam was the beneficial owners of 15% shares in EHY Construction and Engineering and such shares were held by Mr. Kuok on trust for Mr. Lao and by Mr. Sou on trust for Mr. Lam prior to the Reorganisation.

### Incorporation of MECOM Holding

MECOM Holding was incorporated in the British Virgin Islands on 28 April 2017 as a limited liability company and to act as the holding company for the interest of Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao in our Company and as at the date of its incorporation, the authorised share capital of MECOM Holding was 50,000 ordinary shares with a par value of HK\$1.00 each. Upon incorporation, 35 shares, 35 shares, 15 shares and 15 shares were allotted and issued to Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao, respectively. Upon completion of such issue and allotment, MECOM Holding became owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam and 15% by Mr. Lao.

### Incorporation of our Company

Our Company was incorporated in the Cayman Islands on 8 May 2017 as an exempted company with limited liability to act as the holding company of our Group. The initial authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares. Upon its incorporation, one subscriber Share was transferred from the initial subscriber, who is an Independent Third Party, to MECOM Holding at par. On the same day, 999 Shares were subscribed by MECOM Holding at par. Following the above share allotment and transfer, our Company became wholly-owned by MECOM Holding.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

### **Incorporation of offshore subsidiaries**

MECOM EHY was incorporated in the British Virgin Islands as a limited liability company on 10 May 2017 to act as the intermediate holding company of EHY Construction and Engineering and as at the date of its incorporation, the authorised share capital of MECOM EHY was 10,000 ordinary shares with a par value of HK\$1.00 each. Upon incorporation, one fully paid share was allotted and issued to our Company at par. Upon completion of such transfer, MECOM EHY became wholly-owned by our Company.

MECOM Sun Hung Yip was incorporated in the British Virgin Islands as a limited liability company on 10 May 2017 to act as the intermediate holding company of SHY Engineering Construction and as at the date of its incorporation, the authorised share capital of MECOM Sun Hung Yip was 10,000 ordinary shares with a par value of HK\$1.00 each. Upon incorporation, one fully paid share was allotted and issued to our Company at par. Upon completion of such transfer, MECOM Sun Hung Yip became wholly-owned by our Company.

MECOM Hung Yip was incorporated in the British Virgin Islands as a limited liability company on 10 May 2017 to act as the intermediate holding company of our subsidiaries to be set up in the future and as at the date of its incorporation, the authorised share capital of MECOM Hung Yip was 10,000 ordinary shares with a par value of HK\$1.00 each. Upon incorporation, one fully paid share was allotted and issued to our Company at par. Upon completion of such transfer, MECOM Hung Yip became wholly-owned by our Company.

### **Acquisitions of certain subsidiaries**

On 31 May 2017, MECOM EHY acquired 50% of the issued share capital of EHY Construction and Engineering from each of Mr. Kuok (who beneficially owned 35% and as directed by Mr. Lao as beneficial owner of 15% of such issued share capital) and Mr. Sou (who beneficially owned 35% and as directed by Mr. Lam as beneficial owner of 15% of such issued share capital) for an aggregate consideration of MOP114,809,864, which was determined with reference to net asset value of EHY Construction and Engineering as at 30 April 2017. The consideration for the above transfers was settled by our Company allotting and issuing 500 Shares to MECOM Holding (as directed by Mr. Kuok and Mr. Sou who in their own capacity and in accordance with the instructions of Mr. Lao and Mr. Lam in respect of the 15% of the issued share capital held on trust by Mr. Kuok for Mr. Lao and Mr. Sou for Mr. Lam) on the same day. Upon completion of such transfers, EHY Construction and Engineering became an indirect wholly-owned subsidiary of our Company.

---

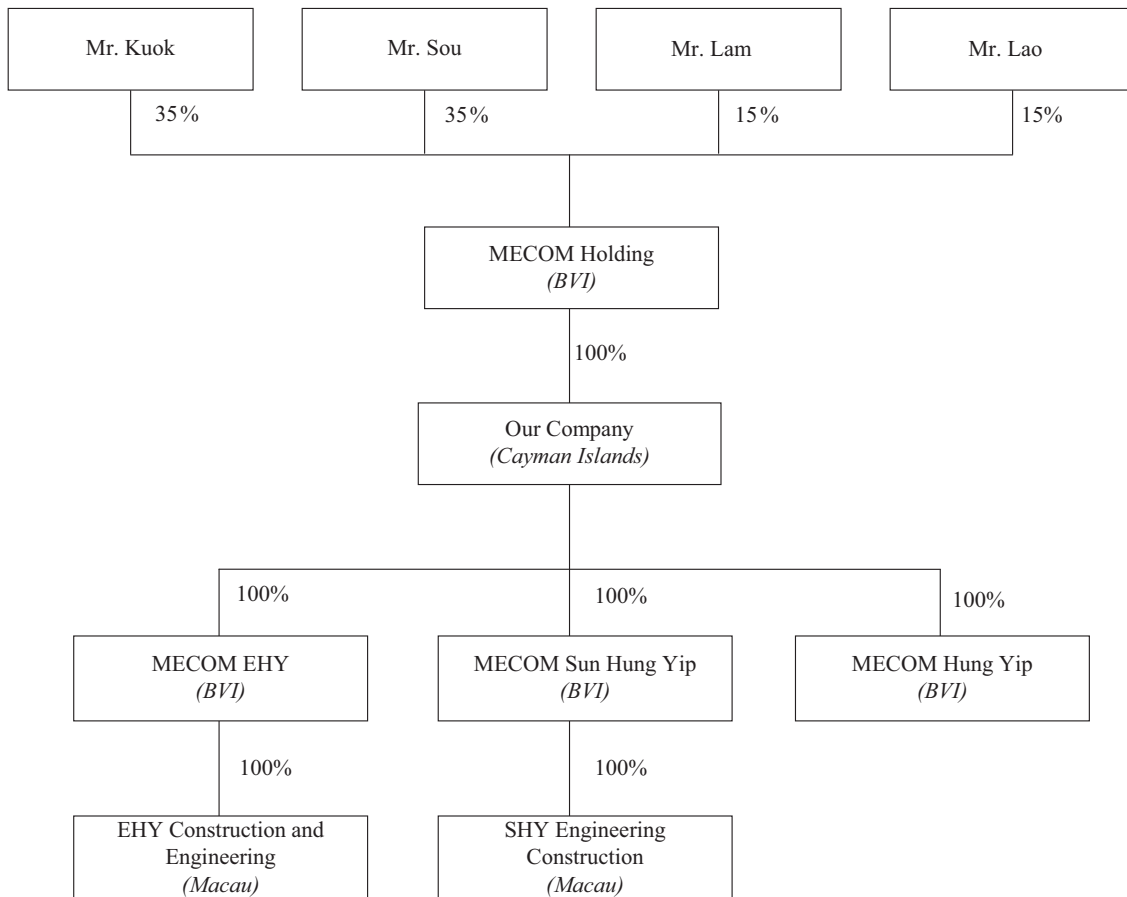
## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

On 31 May 2017, MECOM Sun Hung Yip acquired 35%, 35%, 15% and 15% of the share capital in SHY Engineering Construction from Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao, respectively, for an aggregate consideration of MOP32,393,744, which was determined with reference to net asset value of SHY Engineering Construction as at 30 April 2017. The consideration for the above transfers was settled by our Company allotting and issuing 500 Shares to MECOM Holding (as directed by Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao) on the same day. Upon completion of such transfers, SHY Engineering Construction became an indirect wholly-owned subsidiary of our Company.

Each of the above equity transfers have been properly and legally completed and settled and all necessary approvals from and registrations with the relevant authorities have been obtained and completed.

The following chart sets forth our corporate and shareholding structure immediately after the Reorganisation, but before the completion of the Pre-IPO Investments, the Global Offering and the Capitalisation Issue:



### PRE-IPO INVESTMENTS

On 2 June 2017, MECOM Holding entered into a sale and purchase agreement with each of King Dragon and One Wesco (the “**Pre-IPO Agreements**”), pursuant to which MECOM Holding agreed to sell (a) 588 Shares to King Dragon at a consideration of HK\$10,800,000; and (b) 160 Shares to One Wesco at a consideration of HK\$2,938,776.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

### Principal terms of the Pre-IPO Investments

Principal terms of the Pre-IPO Investments are summarised below:

	<b>King Dragon</b>	<b>One Wesco</b>
Date of investment:	2 June 2017	2 June 2017
Payment date of consideration:	2 June 2017	2 June 2017
Amount of consideration paid:	HK\$10,800,000	HK\$2,938,776
Basis of determination of consideration:	Based on arm's length negotiations between MECOM Holding and each of the Pre-IPO Investors with reference to: <ul style="list-style-type: none"><li>(a) the unaudited net assets value of our Group as at 30 April 2017;</li><li>(b) the investment risks assumed by the Pre-IPO Investors in investing in an unlisted company;</li><li>(c) the existing client base of our Group which is Macau-based;</li><li>(d) the business prospects, results of operation and financial condition of our Group; and</li><li>(e) discount percentage to offer price of recent pre-IPO investments in other companies listed on Main Board and GEM.</li></ul>	
Investment cost per Share after Capitalisation Issue and discount to Offer Price <sup>(Note)</sup> :	Approximately HK\$0.04, representing approximately 96.6% discount to the mid-point of the Offer Price range	
Strategic benefits:	Our Directors are of the view that the Pre-IPO Investments will strengthen the shareholder base of our Company and the reputation of Mr. Ho and Mr. Tam Chi Wai will enhance our Group's corporate image and strengthen our business network.	

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

Shareholding in our Company held by the Pre-IPO Investors immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon exercise of options which may be granted under the Share Option Scheme):	20.0%	4.92%
Shareholding in our Company held by the Pre-IPO Investors immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is fully exercised and without taking into account the Shares to be issued upon exercise of options which may be granted under the Share Option Scheme):	19.28%	4.74%
Lock-up Period:	The Pre-IPO Investors are not subject to any lock-up provision under the Pre-IPO Agreements	
Special Rights granted to the Pre-IPO Investors:	No special right was granted to the Pre-IPO Investors under the Pre-IPO Agreements	
Use of Proceeds:	As the Pre-IPO Investments were effected by way of sales of the existing Shares by MECOM Holding, no proceeds were received by our Company	

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

Public Float:	Shares held by King Dragon are not considered as part of the public float as it is our substantial Shareholder and therefore a connected person of our Company	Shares held by One Wesco are considered as part of the public float as (i) it is not a connected person of our Company, (ii) the acquisition/subscription of its shareholding interest in our Company was not financed directly or indirectly by any connected person of our Company and (iii) is not accustomed to take instructions from a connected person in relation to the acquisition, disposal, voting or other disposition of securities of our Company registered in its name or otherwise held by it
---------------	--	---

---

*Note:* For illustration purposes only. Assuming the mid-point of the indicative Offer Price range of HK\$1.00 and HK\$1.25, on the basis of the enlarged issued share capital of our Company immediately upon completion of the Global Offering (without taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon exercise of options which may be granted under the Share Option Scheme).

### **Information regarding the Pre-IPO Investors**

King Dragon is an investment holding company which specialises in pre-IPO investments. It is wholly-owned by Mr. Ho who has proven track records and more than 15 years of experience in the corporate governance, day-to-day operations and strategic development of listed companies.

Mr. Ho is the substantial shareholder, and is the chairman and chief executive officer of, Melco International Development Limited (Stock Code: 200), which is listed on the Stock Exchange and is engaged in leisure and entertainment and other businesses. He is also the chairman and chief executive officer of Melco Resorts & Entertainment Limited (Stock Code: MLCO), a company listed on Nasdaq Global Select Market whose subsidiary is one of the six companies licensed, through concessions and sub-concessions, to operate casinos in Macau.

Mr. Ho is a member of the National Committee of the Chinese People's Political Consultative Conference and has received numerous awards in connection with his leadership, including "Directors of the Year Award" granted by the Hong Kong Institute of Directors, "Best CEOs in Hong Kong" granted by FinanceAsia Magazine, "Leadership Gold Award" granted by the Business Awards of Macau and "Asia's Best CEO" granted by Corporate Governance Asia magazine. In 2017, Mr. Ho was awarded the Medal of Merit – Tourism by the Macau SAR government for his significant contributions to tourism in the territory.



---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

One Wesco is an investment holding company which specialises in identification and evaluation of the investment opportunities across sectors with growth potential and it is principally engaged in investment in private equities and equity-related securities in companies with potential growth in different sectors. It is wholly-owned by Mr. Tam Chi Wai, an Independent Third Party, who is a non-practising certified public accountant and has more than 20 years of experience in strategic investment and corporate finance matters. Mr. Tam held senior managerial positions at various multinational companies, including having been a member of senior management of Melco International Development Limited (Stock Code: 200), and as at the Latest Practicable Date, was the chief executive officer of a private investment company.

To the best knowledge, information and belief of our Directors, other than their respective investments in our Company, One Wesco and Mr. Tam Chi Wai, its ultimate beneficial owner are independent from our Company and its connected persons. King Dragon and Mr. Ho are our substantial Shareholder and therefore are connected persons of our Company.

Customer A, one of our top five customers during the Track Record Period, is owned as to approximately 51.22% by Melco International Development Limited, which is in turn owned as to 53.19% (including beneficial interest, interest of his controlled corporations and interest of a trust in which he is one of the beneficiaries and taken to have interest by virtue of the SFO) by Mr. Ho. Please refer to “Business – Customers” of this prospectus for details of our business relationship with Customer A.

Certain transactions between our Group and certain subsidiaries of Customer A will continue after Listing and constitute connected transactions under the Listing Rules. Please refer to “Connected transactions – Overview – (B) Continuing connected transactions which are subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements” of this prospectus for further details.

### **Confirmation from the Sole Sponsor**

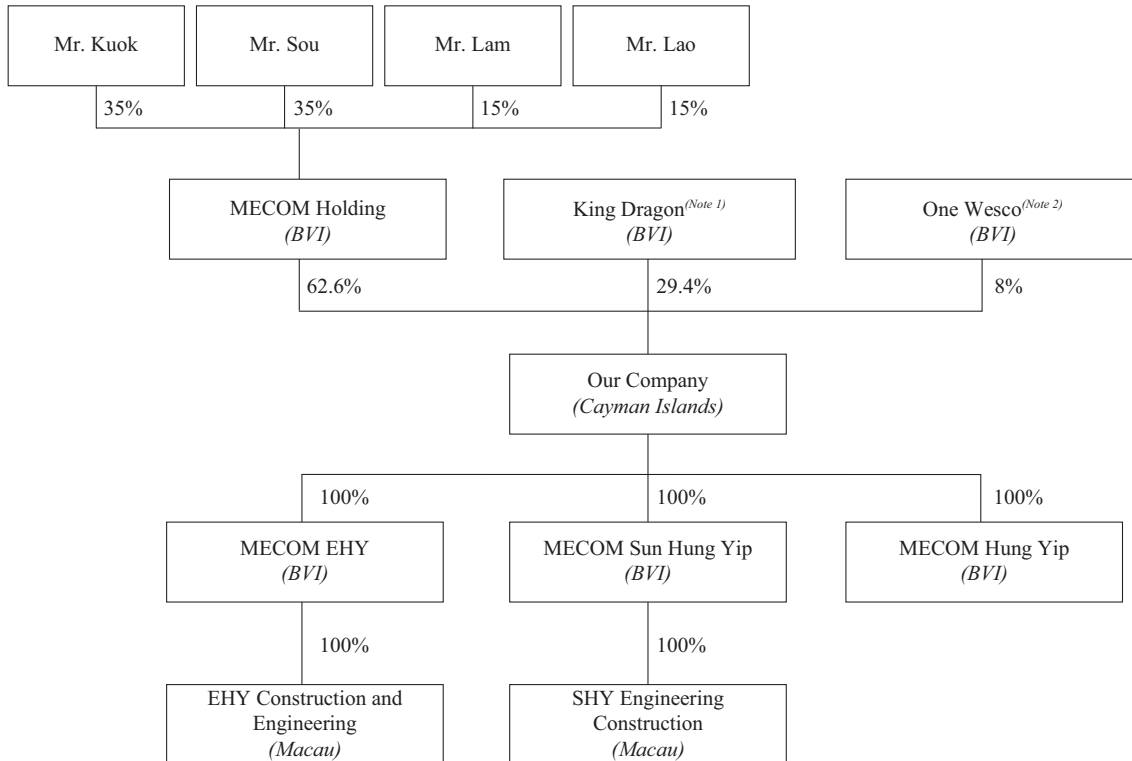
The Sole Sponsor has confirmed that the investments by the Pre-IPO Investors are in compliance with (i) the “Interim Guidance on Pre-IPO Investments” issued on 13 October 2010 by the Stock Exchange as the consideration for the Pre-IPO investments was all settled more than 28 clear days before the date of our first submission of the listing application to the Stock Exchange in relation to the Listing, (ii) the Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and March 2017 by the Stock Exchange and the Guidance Letter HKEx-GL44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange as no special rights is granted to each of the Pre-IPO Investors.

---

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

---

The following chart sets forth our corporate and shareholding structure immediately after the Reorganisation and the Pre-IPO Investments, but before the completion of the Global Offering and the Capitalisation Issue:



Notes:

- (1) King Dragon is beneficially and wholly owned by Mr. Ho.
- (2) One Wesco is beneficially and wholly owned by Mr. Tam Chi Wai, an Independent Third Party.

### INCREASE OF AUTHORISED SHARE CAPITAL

On 23 January 2018, our Company increased its authorised share capital to HK\$50,000,000 through the creation of 4,962,000,000 additional Shares.

### Concert Parties Confirmation

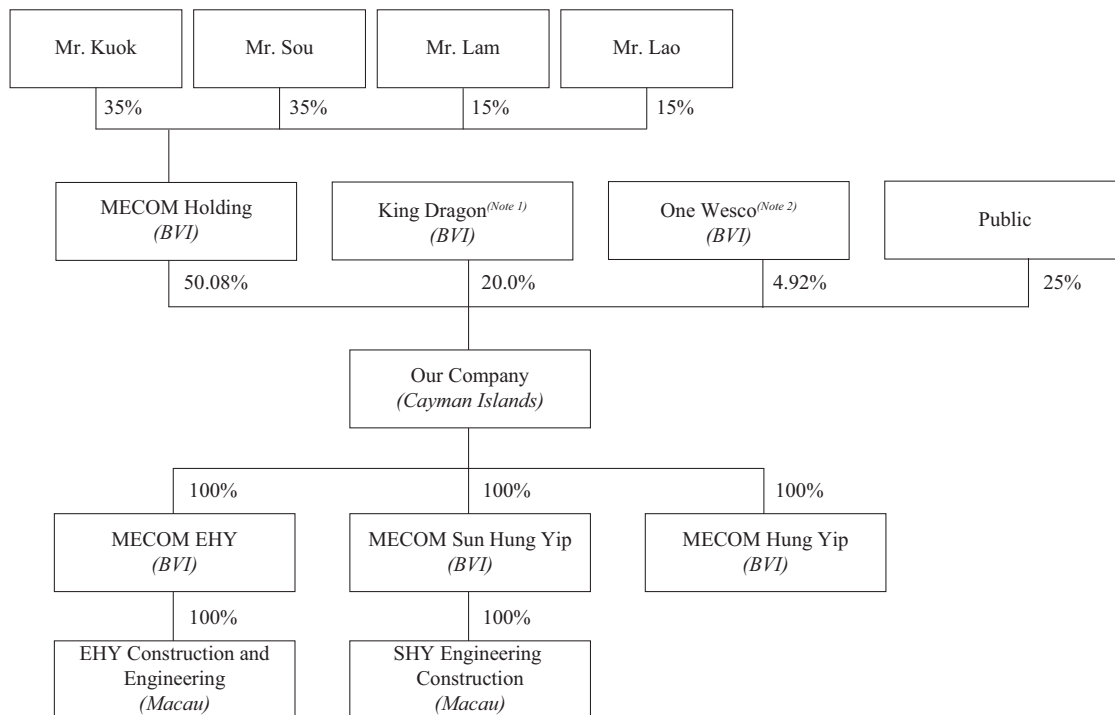
On 14 July 2017, in preparation of the Listing, Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao executed the Concert Parties Confirmation, pursuant to which Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao acknowledged and confirmed, among other things, that they as parties acting in concert, have held their interest in, and collectively exercised their control over, the companies comprising our Group through their respective interests in those companies from time to time since they have become the shareholders of the respective companies comprising our Group.

# HISTORY, REORGANISATION AND CORPORATE STRUCTURE

## CAPITALISATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of HK\$9,599,980 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 959,998,000 Shares for allotment and issue to persons whose names appear on the register of members of our Company immediately prior to the Listing Date, on a pro rata basis.

The following chart sets forth our corporate and shareholding structure upon completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and taking no account of any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme):



*Notes:*

- (1) King Dragon is beneficially and wholly owned by Mr. Ho. Shares held by King Dragon are not considered as part of the public float.
- (2) One Wesco is beneficially and wholly owned by Mr. Tam Chi Wai, an Independent Third Party. Shares held by One Wesco are considered as part of the public float.

### OVERVIEW

We are a renowned integrated construction engineering contractor and power substations constructor in Macau. We principally engage in the provision of (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substation construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services.

Our structural steelworks services generally involve the provision of customised and target-oriented steel structure erection services which generally consist of structural steelworks, concreting and builder works, using a suitable combination of each to produce an efficient structure. Our civil engineering construction services generally involve demolition works, ground investigation field works, site formation works, foundation works, substructures and superstructures, roads and drainage. Our fitting out and renovation works generally involve the provision of alteration, renovation and upgrading works of various types, including preparation of shop drawings, modification, removal and installation of equipment, and general renovation works. Depending on the nature and complexity of the projects, we may act as a main contractor or subcontractor in providing these services. Our customers for these services include world-class hotel and resort owners and operators, casino owners and operators, and Macau government or government agencies or statutory bodies. According to the Industry Report, we ranked fifth among Macau-based construction contractors in the civil engineering (including structural steelworks) market in Macau in terms of our revenue generated from such business in 2016.

Our high voltage power substation construction and its system installation works generally involve the provision of the planning, scheduling, project management and construction of customised and technological advanced high-voltage substations and complex power transmission infrastructure with installation of high voltage power system. We generally act as a main contractor, and in some cases, as a member of a consortium and/or subcontractor, in providing these services. Our customers for these services include electricity providers and hotel and resort owners or operators in Macau. According to the Industry Report, our Group ranked second in the high voltage power substation construction projects market in Macau in terms of our revenue generated from such business in 2016.

Buildings, power stations and other building structures require repairs and regular preventative maintenance to keep up its appearance and maintain its conditions. We believe that as more construction projects are completed in Macau, there will be an increasing need and demand for facilities management, alteration and maintenance works and services. Further, as our Group has already been providing construction and other construction related services to our customers, we believe that we are placed at a more advantageous position to offer better insight into the facilities management, alteration and maintenance works and services to our customers, compared to new contractors. Therefore, to complement our (i) structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works, we also provide facilities management, alteration and maintenance works and services to capture the business opportunities derived by the rising demand for such services in Macau. Our facilities management, alteration and maintenance works and services generally involve the provision of facilities operation and maintenance management, alteration, upgrading and maintenance works of various buildings, properties and their components (especially for hotels and resorts) and high voltage power substations and systems and emergency repairs. We generally act as a

## BUSINESS

subcontractor in providing these services. Our customers for these services include property developers, hotel and resort operators, government agencies and electricity providers of Macau.

Over the years, we have completed numerous landmark structural steelworks projects for certain world-class hotels and resorts in Macau, such as (a) the podium and the world's largest water-based extravaganza in a large scale integrated resort in Cotai; (b) the world's first free-form exoskeleton skyscraper luxury hotel designed by a legendary architect; (c) the system installation of the world's first and highest figure-8 ferris wheel at a Hollywood-inspired, cinematically-themed resort in Cotai; and (d) the ballroom and theatre roof structural steelworks of a Paris-themed casino resort in Cotai. Our services, level of technical expertise and capabilities, service quality and timely delivery have been well recognised by our customers. Over the years, we received numerous accolades by a number of customers. In recognition of our leading technical capabilities and quality standards, we were awarded the gold awards (Hong Kong – Macau Region) by CCMSA in 2013 for our structural steelworks for the large scale integrated resort and water-based extravaganza project, and in 2017 for our structural steelworks for the free-form exoskeleton skyscraper luxury hotel project and the ballroom and theatre roof structural steelworks of a Paris-themed casino resort in Cotai. We also received silver awards in recognition of our safety, management systems and subcontracting works from the Labour Affairs Bureau of the Macau government in 2016.

Our total revenue increased from approximately MOP446.2 million for 2014 to approximately MOP543.4 million for 2015, and decreased to approximately MOP464.9 million for 2016, and increased from approximately MOP299.1 million for the eight months ended 31 August 2016 to approximately MOP391.5 million for the eight months ended 31 August 2017. Our profit increased from approximately MOP73.0 million for 2014 to approximately MOP97.1 million for 2015, and decreased to approximately MOP68.0 million for 2016 and decreased from approximately MOP46.4 million for the eight months ended 31 August 2016 to approximately MOP40.2 million for the eight months ended 31 August 2017. Please refer to “Our business – Our business streams” in this section for further details.

The following table sets forth a breakdown of our revenue by business streams for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
Structural steelworks, civil engineering construction, and fitting out and renovation works	325,531	73.0	404,262	74.4	233,694	50.3	159,129	53.2	298,321	76.2
High voltage power substation construction and its system installation works	107,652	24.1	99,062	18.2	186,666	40.2	112,112	37.5	53,204	13.6
Facilities management, alteration and maintenance works and services	13,061	2.9	40,100	7.4	44,522	9.5	27,812	9.3	39,942	10.2
<b>Total</b>	<b>446,244</b>	<b>100.0</b>	<b>543,424</b>	<b>100.0</b>	<b>464,882</b>	<b>100.0</b>	<b>299,053</b>	<b>100.0</b>	<b>391,467</b>	<b>100.0</b>

## BUSINESS

During the Track Record Period, we derived all our revenue from Macau and our Group undertook projects from both the private and public sectors. The following table sets forth a breakdown of our revenue attributable to the private and public sectors for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Private sector	387,225	86.8	515,236	94.8	296,911	63.9	202,640	67.8	362,871	92.7
Public sector	59,019	13.2	28,188	5.2	167,971	36.1	96,413	32.2	28,596	7.3
<b>Total</b>	<b>446,244</b>	<b>100.0</b>	<b>543,424</b>	<b>100.0</b>	<b>464,882</b>	<b>100.0</b>	<b>299,053</b>	<b>100.0</b>	<b>391,467</b>	<b>100.0</b>

We are registered with DSSOPT as a licensed constructor. Depending on the nature, scale, complexity and requirements of the project awarded, we act as a main contractor or as a subcontractor in such projects. The following table sets forth a breakdown of our revenue by reference to our role in the projects for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Main contractors	276,086	61.9	104,437	19.2	209,060	45.0	111,296	37.2	288,371	73.7
Subcontractors	170,158	38.1	438,987	80.8	255,822	55.0	187,757	62.8	103,096	26.3
<b>Total</b>	<b>446,244</b>	<b>100.0</b>	<b>543,424</b>	<b>100.0</b>	<b>464,882</b>	<b>100.0</b>	<b>299,053</b>	<b>100.0</b>	<b>391,467</b>	<b>100.0</b>

As at 31 December 2017, we had backlog revenue of approximately MOP625.6 million expected to be generated from our 49 projects on hand, of which approximately MOP495.1 million, MOP105.9 million and MOP24.6 million is estimated to be recognised as our contract revenue for the years ending 31 December 2018, 2019 and 2020, respectively.

### OUR COMPETITIVE STRENGTHS

We believe that our continued success and future prospects are primarily driven by a combination of the following competitive strengths which distinguish us from our competitors:

#### **We are an award-winning construction contractor with diversified and high level experience and capabilities**

We are a renowned and one of the few Macau-based construction companies with the capabilities to offer (i) integrated construction engineering services and (ii) high voltage power substations constructing services. We specialise in technically challenging projects which require high level of technical expertise and technological proficiency. Over the last decade, we have participated in a wide range of large-scale and high profile technically challenging structural steelworks and civil engineering construction projects as well as high voltage power

---

## BUSINESS

---

substation construction projects in Macau, including, among others, (i) the podium and the world's largest water-based extravaganza at a large scale integrated resort in Cotai; (ii) the world's first free-form exoskeleton skyscraper luxury hotel designed by a legendary architect; (iii) the ballroom and theatre roof structural steelworks of a Paris-themed casino resort in Cotai; and (iv) the 220/110kV Lotus Substation for a sole concession public utility company which provides electricity in Macau.

### *Structural steelworks, civil engineering construction, and fitting out and renovation works*

Structural steelworks require complex and effective organisation and management of the whole construction process which involves, among others, the preparation of shop drawings, fabrication and surface protection of structural steelworks, schedule of delivery to construction site for erection. To ensure precise fabrication, timely delivery, safe erection and smooth construction, the supervision and management by a team of experienced supervision personnel throughout the whole process is crucial. In addition, given the constraints of the building site and the limitations of lifting capacities of the cranes on site, a high level of technical expertise, experience and capabilities in this specialised service are prerequisites.

We believe that our participation in the construction of the world's first free-form exoskeleton skyscraper luxury hotel in 2014 (one of the world's first high-rise buildings supported by a free-form exoskeleton steel structure of such a scale) represents one of our most significant achievements to date. The concept of the hotel tower is a monolithic block encased in a striking steel and glass lattice shell with a unique and distinctive exposed exoskeleton. We consider that the structural steelworks involved in this project to be one of the most challenging large-scale steelworks of its kind to ever be accomplished.

Our participation in the project of the world's first and highest figure-8 ferris wheel at the Hollywood-inspired, cinematically-themed resort in Cotai (which was one-of-a-kind in terms of its erection mechanism and the design and build of the rescue system) is one of our significant landmark accomplishments which we believe demonstrates our high level of technical expertise, technological proficiency and seamless effective management programme, and which makes us stand out from our competitors. We consider that the fabrication and installation of the moving mechanical parts of the figure-8 ferris wheel require a high level of precision and has been one of our accomplished pieces of engineering works in the region.

In recognition of our technical expertise and capabilities, we were awarded gold awards (Hong Kong-Macau Region) by CCMSA for our structural steelworks services rendered in three of our landmark projects, namely (i) a large scale integrated resort in Cotai (including the world's largest water-based extravaganza that is featured in it) in 2013, (ii) the world's first free-form exoskeleton skyscraper luxury hotel designed by a legendary architect, and (iii) the ballroom and theatre roof structural steelworks of a Paris-themed casino resort in Cotai in 2017. CCMSA is the sole industry association in the construction metal structure materials field approved by the Ministry of Civil Affairs of the PRC under the guidance of the Ministry of Housing and Urban-Rural Development of the PRC and under the scrutiny of the Ministry of Civil Affairs of the PRC.

---

## BUSINESS

---

We believe our technical expertise with diversified experience and capabilities as evidenced by these awards give our customers an overall confidence in our ability to undertake complex and/or large scale construction projects with high quality and in a timely manner.

### *High voltage power substation construction and its system installation works*

High voltage power substation construction and its system installation works is a specialised discipline that requires a higher degree of technical skill and professional qualifications as compared to ordinary construction works. According to the Industry Report, this creates a high entry barrier, and consequently there are fewer competitors in the construction industry who specialise in offering high voltage power substation construction services. According to the Industry Report, our Group ranked second in the high voltage power substation construction projects market in Macau in terms of our revenue generated from such business in 2016.

In 2011 to 2012, we, together with the Power Projects Partner, undertook the construction of the 220/110kV Lotus Substation in Cotai, Macau (which is the largest high voltage power substation in Macau) for a sole concession public utility company which provides electricity in Macau. In light of the continued socio-economic growth of Macau and the growth of its infrastructure pursuant to the land reclamation projects under the five-year development plan (2016-2020) promulgated by the Macau government, the demand for power and energy will continue to grow, which will increase the need for the delivery and transport of power and electricity, thereby leading to a steady increase in the demand for high voltage power substations. Please refer to “Industry overview – Overview of the civil engineering market in Macau – Market drivers and opportunities” of this prospectus for further details of the five-year development plan. According to the Industry Report, the total revenue of the high voltage power substation construction service industry is expected to grow from approximately MOP482.5 million in 2016 to approximately MOP614.5 million in 2021, representing a CAGR of approximately 13.1%.

Our Directors believe that with our expertise in high voltage power substation construction and its system installation projects, we are well positioned to capture the opportunities for growth riding on the increased demand from customers such as casino and resort operators, as well as to capitalise on the facilities management, alteration and maintenance works and services that come with the construction of these high voltage power substations.

### *Facilities management, alteration and maintenance works and services*

Our facilities management, alteration and maintenance works and services complement our other two main business streams of (i) structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works. Our facilities management, alteration and maintenance works and services encompass day-to-day repairs and long-term maintenance, and generally involve the provision of facilities operation and maintenance management, alteration, upgrading, maintenance works and emergency repairs of various buildings, properties and their components (especially for hotels and resorts) and high voltage power substations and its systems.



---

## BUSINESS

---

Our Directors consider that we differentiate ourselves from other construction companies (most of which specialise in single business stream) by offering a complete one-stop solution, from planning, design, sourcing of materials, machineries and equipment, testing and commissioning of the system, to facilities management, alteration and maintenance works and services. In addition, through our facilities management, alteration and maintenance works and services, we provide vital support services that help customers in streamlining business activities, enhancing efficiency and reducing costs.

Our facilities management, alteration and maintenance works and services contracts with our customers are relatively long-term, and tend to last for two to three years, with a good prospect for renewal at the end of the contract, providing us with a stable alternative source of income. Furthermore, such facilities management, alteration and maintenance works and services are unaffected by industry cycles, and represent a recurring and steady stream of revenue for our Group.

### **We have the expertise and capability to provide seamless site management and one-stop solution to our customers**

We principally engage in three business streams, namely the provision of (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substation construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services, which cover principally all phases needed for a typical construction project. We have the expertise and capability to provide a one-stop solution to our customers, from design, submission of drawings and plans to authority for approval, different types of foundation and construction works, structural steel erection, sourcing of materials, machineries and equipment, testing and commissioning of the system, to facilities management, alteration and maintenance works and services.

In 2011 to 2012, we, together with the Power Projects Partner, undertook the construction of the 220/110kV Lotus Substation in Cotai, Macau (the largest high voltage power substation in Macau) for a sole concession public utility company which provides electricity in Macau. We provided a one-stop solution service from design, submission of drawings and plans to authority for approval, construction, sourcing of proprietary systems and testing and commissioning of the systems on site.

We have a proven track record of undertaking a wide range of large-scale and complex construction projects involving different phases of construction works, most of which not only require our technical and technological expertise and excellence, but also our effective site management programme as a general contractor. We believe that our high level and effective site management programme are exemplified in our construction works, such as (i) the world's largest water-based extravaganza in a large scale integrated resort in Cotai, (ii) the world's first free-form exoskeleton skyscraper luxury hotel designed by a legendary architect, and (iii) the ballroom and theatre roof structural steelworks of a Paris-themed casino resort in Cotai. We were awarded gold awards (Hong Kong-Macau Region) by CCMSA for our complex and technically challenging structural steelworks undertaken in these projects. These projects

---

## BUSINESS

---

involved challenging and sizeable structural steel erection on site. Given the on-site constraints, the magnitude and complexity of the projects, the size and weight of the steel trusses, the limited lifting capacities of the cranes and time constraints, these projects commanded a high degree of site management and coordination and an effective management programme to ensure that every step, including the preparation of shop drawings, the fabrication and welding and surface protection of the structural steels, on-time delivery and timely erection, was carried out with absolute precision and certainty. We believe that our high level and effective site management programme is one of the attributing factors to our leading position in the structural steelworks sector of the construction industry in Macau.

We believe that our proven track record is a testament of our capabilities and expertise in providing seamless site management and one-stop solution for complex and technically challenging projects.

**We have successfully established strong and long-term business relationship with key customers and business partners as well as subcontractors and suppliers**

We have been operating in Macau since our inception in 2000. We believe that, as a result of our high quality, technical proficiency, effective management programme, diversified experience and capabilities as well as our market reputation, over the years, we have established strong and long term business relationships with a number of key customers who are reputable world-class hotel and resort and casino owners or operators in Macau and leading US-based casino operators. We have maintained strong and long term business relationship with these customers ranging from four to 11 years. We believe that we have become their preferred construction service provider. We also believe that our strong and long term relationships with these key customers provide us with a competitive advantage to secure future contracts, a steady flow of repeat business and revenue, and serves as a testament for us in marketing and business development with new customers.

We have also maintained long term relationships with our business partners to carry out construction projects in Macau together. For our high voltage power substation construction and its system installation works, we have established a consortium with the Power Projects Partner to provide a one-stop “design, build, operate and maintain” turnkey solution to our customers since December 2008. As at 31 August 2017, we had, together with the Power Projects Partner, participated in the construction of 10 high voltage power substation construction projects in Macau such as (i) the 220/110kV Lotus Substation in Cotai, Macau for a sole concession public utility company which provides electricity in Macau, and (ii) the power substation for the Hollywood-inspired, cinematically-themed resort in Cotai, Macau.

---

## BUSINESS

---

Apart from the consortium arrangement, we have also cooperated with other business partners from different specialised business segments, such as the manufacturing and sale of laboratory equipment and facilities for the tendering and execution of construction projects, which include fitting-out design and construction project of “wet laboratory”, “dry laboratory” and “animal laboratory” at a university of Macau. We believe that the consortium and cooperation arrangements with our business partners create synergy by combining the resources and expertise of the parties to provide customised and target-oriented services to our customers, allowing us to expand our business opportunities in the future.

We have also established close and long term working relationships with subcontractors and suppliers in different areas of speciality, including world renowned interior design consultants and reputable mechanical and electrical consultants. We believe that our established relationships with them have and will continue to greatly enhance our overall service to our customers.

### **We maintain a sizeable and stable pool of engineering technicians**

The construction business is labour intensive. A stable and sufficient supply of skilled labour workforce is crucial for every construction projects to ensure the quality of works and services and efficient and reliable time and site management. There is a constant shortage of local labour with appropriate skills in Macau. Generally, construction companies in Macau rely on, to a large extent, foreign workers to carry out construction projects in Macau. As advised by our Macau Legal Advisers, it is a general practice in Macau, especially in major construction projects, for the project owner or the main contractor to apply for work permits for foreign labour under the quota system in Macau. As a main contractor for the projects we undertake, we are in a position to apply for work permits for our foreign labour, without having to rely on our customers to allocate us foreign labour quotas. As at the Latest Practicable Date, we had a quota of 488 foreign labour.

With over a decade of experience in the construction industry, we have developed a large team of skilled workforce for a wide spectrum of services. As at 31 December 2014, 2015 and 2016 and 31 August 2017, we had 306, 327, 303 and 509 employees (including foreign labour), respectively, as general labour workforce for our construction works, all of whom were directly hired by us. We believe that with the support of our stable pool of directly-hired skilled workforce, we are better able to control the availability, quality and performance of our labour force and reduce reliance on subcontracted labour force. As such, we believe we are less reliant on subcontractors for the provision of general labour workforce and hence less susceptible to the risk of failing to secure stable and sufficient labour workforce for our projects. We believe that having a sizeable pool of our own skilled direct labour helps us in controlling and managing our labour costs more efficiently, which helps us boost and stabilise our profit margins. We also believe that our pool of direct labour contributes to our Group’s ability to provide an inherently stable work force, which in turn provides greater assurance in project delivery and completion time to our customers.

### **We have a stable and experienced management team with substantial technical experience and expertise in the construction industry**

We have a stable and experienced management team with substantial technical experience and expertise in the construction industry in Macau, some of whom have been involved in the industry since graduating from their respective institutes or universities with the relevant certification for qualified engineers. Our senior management team is headed by our founder, chairman and our executive Director, Mr. Kuok, our chief executive officer and our executive Director, Mr. Sou, our senior management team, Mr. Lam and Mr. Lao, who have approximately 35, 29, 20 and 24 years' experience in the construction industry, respectively. Other members of our management team also have strong industry background with relevant industry experience ranging from 22 years to 38 years. Each of our executive Directors and members of the senior management team is involved in the day-to-day management and operations of our Group's business. Please refer to "Directors and senior management" of this prospectus for further details of the background and experience of our Directors and senior management. We are therefore well positioned to benefit from the expertise, experience and network of our senior management when we conduct our business and operations. We believe the industry experience, knowledge, and stability of our senior management team have significantly contributed to the success of our operations and our business growth, and is instrumental to our long-term development.

### **OUR BUSINESS STRATEGIES**

We aim to strengthen our leading position as an integrated construction engineering contractor and power substations constructor in Macau and to capture greater market share in Macau. In order to achieve this objective, we continue or plan to pursue the following strategies:

#### **We plan to strengthen our leading market position in the construction industry in Macau**

Upon the completion and opening of the Hong Kong-Zhuhai-Macau Link Bridge, Macau will be linked to its eastern neighbours in the Pearl River Delta with Hong Kong in the east and Zhuhai of Guangdong province in the west, which is expected to expedite the development of Macau-Hong Kong-Guangdong Greater Bay Area.

According to the five-year development plan (2016-2020) promulgated by the Macau government, it will strive to build Macau as a world-class tourism centre. In light of this plan, it is expected that the Macau government will further promote the construction of large-scale infrastructure, hotels and resorts. In 2016, the Macau government announced the future urban development strategy involving a land reclamation programme, the reclamation of land in the south of Hac Sa Beach, which will be one of the largest land reclamations in the history of Macau. The new developments include a residential area involving 28,000 proposed public housing units, several multi-functional districts and public facilities as the "fourth space" for Macau's future development. In anticipation of the surge in the demand for electricity and power in these new developments, we expect that more power substations will be built in the newly reclaimed areas and a growing demand for facilities management, alteration and maintenance works and services.

---

## BUSINESS

---

Over the years, we have actively participated in the construction of world-class hotels and resorts in Macau, such as (i) a large scale integrated resort in Cotai featuring the world's largest water-based extravaganza, (ii) the world's first free-form exoskeleton skyscraper luxury hotel designed by a legendary architect and (iii) the ballroom and theatre roof structural steelworks of a Paris-themed casino resort in Cotai and public sector projects such as the electricity distribution system of the Hong Kong-Zhuhai-Macau Link Bridge. Leveraging on our established reputation and proven track record, we believe we are well positioned to bid and undertake more large scale construction projects in Macau in the coming years. Furthermore, we believe that being a listed company will be a favourable or even necessary factor to be considered by many customers, in particular for large scale projects where the awardee construction company is normally required to be a listed company and/or fulfil certain minimum financial requirements. Our Directors believe that the Listing will be an important milestone in promoting our Group and enhancing our brand awareness to the general public which may generate more business opportunities.

We plan to, riding on the wave of the increasing number of completed construction projects in Macau, expand our facilities management, alteration and maintenance works and services segment in Macau. As our facilities management, alteration and maintenance works and services contracts with our customers are relatively long-term, and tend to last for two to three years, they represent a stable alternate source of income to our other two business streams. Our facilities management, alteration and maintenance works and services contracts also tend to have a good prospect for renewal at the end of the contract. Furthermore, such facilities management, alteration and maintenance works and services are unaffected by industry cycles, and represent a recurring and steady stream of revenue for our Group. As more construction projects are completed in Macau, our Directors are of the view that with our combined expertise, and coupled with the fact that we are also involved in the construction works, we are well-placed to capture the growing market for such facilities management, alteration and maintenance works and services.

### **We plan to enhance our financial capabilities and to capture business opportunities**

The construction industry is capital intensive. At the early stage of each project, we are required to incur significant cash outflow for setting up expenditure such as payment for rental deposits of machineries and equipment and subcontracting fees, material costs and labour costs. We are generally required to pay performance bonds, which generally amount to approximately 10% of the contract sum of the projects. Our customers generally make progress payments to us based on the site works done, or milestone payments to us according to our achievement of specified milestones and normally withhold up to 5% of the contract sum as retention fees, which are only released in full to us upon expiry of the relevant defect liability period. The cash flow requirement at the initial stage of our projects together with our available cash and financial resources impact on the number of as well as the size of the projects that we could undertake at the same time.

---

## BUSINESS

---

We intend to apply approximately HK\$100.0 million, representing approximately 43.0% of our net proceeds from the Global Offering to finance the payment of performance bonds in respect of new projects that we undertake.

As at the Latest Practicable Date, our Group had issued 47 performance bonds in the total amount of approximately MOP166.8 million, which were either financed by our internal financial resources or by our available banking facilities. To capture new business opportunities, it is necessary for us to expand our financial capacity for issuing performance bonds.

We are constantly exploring new business opportunities and to leverage our relationships with existing customers for new projects. Further, based on publicly available information and market intelligence, we anticipate there to be further suitable power-related and construction projects that our Group can tender for in Macau. Although whether we are successful in bidding for a tender is a decision which ultimately rests with our customers, our Directors believe that it would improve our chances of success in tendering for these projects if we were in financially better position to issue performance bonds in the event if the contracts are awarded to us.

According to the Industry Report, the growth rate of the civil engineering market in Macau is estimated to grow from approximately MOP50.7 billion in 2016 to MOP126.0 billion in 2021 at a CAGR of approximately 20.0%. The Industry Report also states that the growth rate of the high voltage power substation construction service industry is estimated to grow from approximately MOP482.5 million in 2016 to MOP614.5 million in 2021 at a CAGR of approximately 5%. Stimulated by the socio-economic policies of both Mainland China and Macau, we anticipate a wave of urban development and construction activities in Macau. Leveraging on our Group's past track record, our Directors are of the view that we have the ability to secure new projects going forward. However, this is predicated on our ability to have the appropriate financial capacity in securing performance bonds before we can successfully enter into contracts with our customers, and it is necessary for us to obtain new capital to accommodate the financing of new performance bonds in order to undertake future projects.

We believe that, in addition to enhancing our Group's financial capability to capture business opportunities, the application of the net proceeds from the Global Offering in financing the issuance of performance bonds would (a) ease pressure on cash flow of our Group, and (b) reduce interest and handling fees incurred from banking facilities, and free up our resources to tender for projects of larger contractual value with higher capital requirements. We believe that the Listing can offer us access to capital markets, improve our cashflow and working capital positions, and increase our fund raising capability to undertake more sizeable projects so as to capture business growth in the construction market in Macau.

---

## BUSINESS

---

### **We plan to strengthen our storage facilities for equipment and materials by acquiring a warehouse**

Our equipment and materials are currently stored at: (i) an outdoor storage site, Farmland (as defined in “Properties” in this section); (ii) indoor storage at Warehouse A and Property B (as defined in “Properties” in this section); and (iii) outdoors project construction sites on a temporary basis due to insufficient storage space at Farmland, Warehouse A and Property B. Please refer to “Properties” in this section for further details.

In line with our plan to purchase more machineries and equipment as described below, additional storage spaces are required. In view of the rising leasing or storage costs and in order to minimise the risk of relocation as requested by the landlord(s) and the corresponding relocation costs involved thereof, our Directors plan to purchase a warehouse in the northern region of Macau with a total site area of not more than 15,000 sq.ft. (the “**Proposed Warehouse**”) to strengthen our storage facilities for equipment and materials and intend to apply approximately HK\$54.3 million, representing approximately 23.3% of our net proceeds from the Global Offering for such purpose in order to cope with our business development and our planned purchases of additional machineries as mentioned above.

After acquiring the new warehouse, we will not renew the leases in respect of Warehouse A and Property B when they expire in November 2020 and December 2019, respectively. We intend to move (a) our equipment and materials from Warehouse A and Property B; (b) our equipment and materials which are susceptible to outdoor exposure and ought to be stored indoors that are currently stored at the Farmland storage site in containers; and (c) our materials and equipment currently stored at the outdoor project construction sites on a temporary basis (save for large-sized machineries and equipment), to our Proposed Warehouse in order to consolidate and streamline our storage and lower our logistics and administration costs, and to provide better protection and security for such materials and equipment.

We believe that purchasing the Proposed Warehouse instead of renting premises for storage allows us to secure a long term tenure for satisfying our Group’s storage needs and will reduce our reliance on leasing properties. Our Directors also believe that the acquisition of the Proposed Warehouse could bring about cost saving benefits to our Group. If our Group is able to acquire the Proposed Warehouse using approximately HK\$54.3 million of our net proceeds from the Global Offering, it is expected that we will incur an annual depreciation charge (calculated on the basis that the property will fully depreciate in 50 years) of approximately HK\$1.1 million. In comparison, the annual rental expenses for a similar property based on prevailing market prices is estimated to be approximately HK\$1.8 million. Therefore, the acquisition of the Proposed Warehouse instead of leasing a similar property could enable our Group to save approximately HK\$0.7 million per year.

## BUSINESS

**We plan to improve and expand our (i) facilities management, alteration and maintenance works and services; and (ii) structural steelworks, civil engineering construction, and fitting out and renovation works by recruiting additional staff**

We consider that a team of skilled personnel equipped with appropriate knowledge, expertise and experience in performing different types of construction works is crucial to our business development and continuing success in the long run. In anticipation of our business growth in (i) facilities management, alteration and maintenance works and services; and (ii) structural steelworks, civil engineering construction, and fitting out and renovation works, we plan to expand our workforce by hiring more project management and execution staff such as project managers, supervisors and engineers, and professional and skilled workers such as technicians. Our Directors intend to apply approximately HK\$40.2 million, representing approximately 17.3% of our net proceeds from the Global Offering to recruit additional staff. The following table summarises the timeframe of our recruitment plan:

<b>Position</b>	<b>Number of staff to be hired</b>		<b>Total</b>
	<b>From the Listing Date to 31 December 2018</b>	<b>From 1 January 2019 to 31 December 2019</b>	
(i) Facilities management, alteration and maintenance works and services			
– Project management and execution staff			
– Project manager <sup>(Note 1)</sup>	3	–	3
– Supervisor <sup>(Note 2)</sup>	4	6	10
– Engineer <sup>(Note 3)</sup>	8	5	13
– Technician <sup>(Note 4)</sup>	29	25	54
(ii) Structural steelworks, civil engineering construction, and fitting out and renovation works			
– Technician <sup>(Note 4)</sup>	11	9	20

*Note 1:* We expect our project managers to have a minimum academic qualification of a bachelor's degree in engineering, proficiency in Chinese and English, and at least five years of relevant work experience.

*Note 2:* We expect our supervisors to have a minimum academic qualification of secondary education and at least five years of relevant work experience.

*Note 3:* We expect our engineers to have a minimum academic qualification of a bachelor's degree in engineering, proficiency in Chinese and English, and at least three years of relevant work experience.

*Note 4:* We expect our technicians to have at least two years of relevant work experience.



### **We plan to enhance our machineries and equipment to expand our construction capacities**

Our capacities to carry out construction works for our customers depend largely on the availability of our machineries and equipment. We often lease our machineries and equipment to carry out our construction works, including mobile cranes, material hoists and testers and analysers as we do not own enough of these machineries and equipment. In light of the five-year development plan (2016-2020) announced by the Macau government, it is expected that more infrastructures and hotels and resorts, buildings and offices are to be constructed in Macau which will inevitably drive up the demand for construction works. Certain construction works, such as structural steelworks, require specialised machineries. Leasing of heavy machineries, such as mobile cranes, material hoists and HV testing equipment, is expected to be of high demand in the construction market in Macau in the coming years.

We plan to purchase more machineries and equipment, including mobile cranes, material hoists and testers and analysers and intend to apply approximately HK\$14.9 million, representing approximately 6.4% of our net proceeds from the Global Offering to enhance our machineries and equipment to expand our construction capacities. As we frequently use these machineries and equipment, we believe that our investment in such machineries and equipment will place us in an advantageous position to cater for construction works of different scales and complexities and to meet the expected growing demand in the construction industry in Macau in the future.

Given the frequent usage of such major machineries and equipment, purchasing them will render us less susceptible to risks in terms of availability, quality and reliability of such major machineries and equipment in the market. Our Directors believe that the purchase of additional machineries and equipment will reduce our risks due to the unavailability of such machineries and equipment and enable us to have better cost control and estimates for bidding construction projects, so as to cope with our business development with more efficiency and reliability and to increase our overall efficiency, capacity and technical capability in performing construction works as well as to enhance our ability to cater for different needs and requirements of different customers. For details, please refer to “Future plans and use of proceeds – Implementation plan” of this prospectus.

## **OUR BUSINESS**

### **Our business model**

We are a renowned integrated construction engineering contractor and power substations constructor in Macau. We believe that we have a unique business model comprising three distinct business streams, namely the provision of (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substation construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services in Macau. We believe that by specialising in all three streams (as opposed to single stream which most other construction companies do), we differentiate ourselves from our competitors by providing a one-stop solution to our customers. In addition, we have our own sizeable pool of direct skilled labour, which we believe further distinguishes us from other construction companies, and we can reduce our reliance on subcontractors to provide us with labour.

## BUSINESS

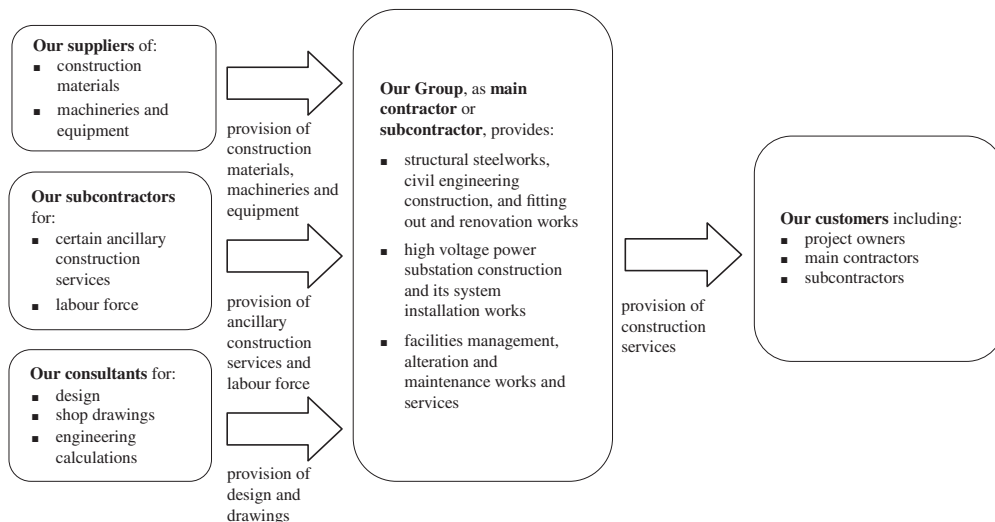
During the Track Record Period, all of our revenue was derived in Macau and our Group undertook projects from both private and public sectors. Private sector projects include projects of which property developers, hotel and resort owners or operators are the project owners, while public sector projects include projects of which the Macau government or other government agencies, tertiary education institutions, public hospitals, infrastructure, utilities or statutory bodies in Macau are the project owners. Please refer to “Overview” in this section for a breakdown of our revenue during the Track Record Period by sector.

We are registered with DSSOPT as a licensed constructor to provide comprehensive construction services in construction works in Macau. We are a Class A Contractor for bidding public works projects and a member of Macau Construction Association. Depending on the nature, scale, complexity and requirements of the project awarded, we act as a main contractor or subcontractor in such projects. As a main contractor, we are responsible for the overall management of the project which involves coordinating client representatives, architects, engineers, consultants and government authorities, handling all aspects of the construction project, from planning, management, coordination and implementation, providing or procuring the necessary materials, machineries and equipment, labour and expertise required for and controlling the quality and safety aspects of the projects. As a subcontractor, we are responsible for carrying out works delegated and arranged by the main contractors in accordance with the relevant subcontracting contracts. Please refer to “Overview” in this section for a breakdown of our revenue by reference to our roles as main contractor and subcontractor in the projects during the Track Record Period.

Depending on the scale and complexity of the project, we may engage third party subcontractors to provide ancillary construction works and labour services such as fitting out, landscaping, facade works, HVAC system, LV system, ELV system, P&D works, foundation works, LPG system and fire services works. Please refer to “Subcontractors” in this section for further details.

Our construction projects are generally awarded to us through an open tender process or invitations to tender.

The following diagram sets out our position as an integrated construction engineering contractor and power substations constructor within the value chain of the construction industry:



**Our business streams**

During the Track Record Period, our total revenue amounted to approximately MOP446.2 million, MOP543.4 million, MOP464.9 million and MOP391.5 million, respectively.

The fluctuation of our revenue from each of our business streams during the Track Record Period was primarily attributable to (i) the time when we were awarded with large-scale projects; and (ii) the length of construction or service provision time required. For details, please refer to “Financial information – Principal components of profit or loss – Revenue” of this prospectus.

As we generally secure our construction projects on a project-by-project basis through a tender process (save for our facilities management, alteration and maintenance works and services which are expected to be of recurring and stable in nature and unaffected by industry cycles), our operations are affected by the availability of projects as well as by the fluctuations of the industry cycles. As at 31 December 2017, we had backlog revenue of approximately MOP625.6 million expected to be generated from our 49 projects on hand.

**1. Structural steelworks, civil engineering construction, and fitting out and renovation works**

We are an award-winning contractor in providing structural steelworks, civil engineering construction, and fitting out and renovation works and services. Our structural steelworks services generally involve the provision of customised and target-oriented steel structure erection services which generally consist of structural steelworks, concreting and builder works, using a suitable combination of each to produce an efficient structure. Our civil engineering construction services generally involve demolition works, ground investigation field works, site formation, foundation works, substructures and superstructure, roads and drainage. Our fitting out and renovation works generally involve the provision of alteration, renovation and upgrading works of various types, including preparation of shop drawings, modification, removal or installation of equipment, and general renovation works.

We either act as a main contractor or a subcontractor in these construction projects. In the event that we act as the main contractor, we are generally responsible for the overall coordination and management of the construction project, including procuring raw materials, machineries and equipment, site supervision, management of direct labour and subcontractors and ensuring the quality of the project and on schedule delivery. Depending on the scale and complexity of the project, we may engage third party subcontractors to provide ancillary construction works and labour services, such as fitting out, landscaping, facade works, HVAC system, LV system, ELV system, foundation works, LPG system, P&D works and fire services works. Please refer to “Subcontractors” in this section for further details.

**2. High voltage power substation construction and its system installation works**

We are a leading contractor in providing high voltage power substation construction and its system installation works in Macau. Our high voltage power substation construction and its system installation works projects generally involve the provision of one-stop planning, scheduling, project management and construction of customised and technological advanced high-voltage substations and complex power transmission infrastructure with installation of high voltage power system.

We have established a consortium with the Power Projects Partner to create synergy by combining the resources and expertise of the parties to provide tailored services to our customers. Such a consortium with the Power Projects Partner enables us to provide a one-stop “design, build, operate and maintain” turnkey solution to our customers, from substation/system planning and design, preparation of feasibility studies, tender preparation and evaluation, procurement of materials, equipment, machineries, expertise and manpower, construction and commissioning by installation of foundation, footing, steel structure and overhead and underground wires and cables, as well as operations and maintenance support in our high voltage power substation construction and its system installation works, in order to meet the customers’ technical and commercial needs and regulatory requirements. We have, since having established the consortium with the Power Projects Partner, undertaken and completed 10 high voltage power substation construction projects in Macau such as the 220/110kV Lotus Substation in Cotai, Macau and the power substation for the Hollywood-inspired, cinematically-themed resort in Cotai, Macau.

### ***3. Facilities management, alteration and maintenance works and services***

Buildings, power stations and other building structures require repairs and regular preventative maintenance to keep up its appearance and maintain its conditions. We believe that as more construction projects are completed in Macau, there is an increasing need and demand for facilities management, alteration and maintenance works and services. Further, as our Group has already been providing construction and other construction related services to our customers, we believe that we are placed at a more advantageous position to offer better insight into the facilities management, alteration and maintenance works and services to our customers, compared to new contractors. Therefore, to complement the provision of our (i) structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works and to capture the business opportunities derived by the rising demand for such services in Macau, we have, over the years also developed and provided facilities management, alteration and maintenance works and services.

Our facilities management, alteration and maintenance works and services cover not only the day-to-day repairs, but also long-term maintenance and operations, which generally involve the provision of facilities operation and maintenance management, alteration, upgrading and maintenance works of various buildings, properties and their components (especially for hotels and resorts) and high voltage power substations and its systems and emergency repairs.

We are an integrated construction engineering contractor and power substations contractor in Macau offering a complete solution, from planning, design, consultancy, construction, to facilities operation and maintenance management and maintenance and repair works. Through our facilities management, alteration and maintenance works and services, we provide vital support services that help customers to streamline business activities, enhance efficiency and reduce cost.

**OUR PROJECTS**

**(i) Our business streams by sectors**

The following table sets out a breakdown for the number of projects by business streams and sectors which, either (i) contributed revenue during the Track Record Period; (ii) contributed revenue during the Track Record Period and will contribute backlog revenue after the Track Record Period; or (iii) did not contribute revenue during the Track Record Period but will contribute backlog revenue after the Track Record Period:

	Year ended 31 December			Eight months ended 31 August			Four months ended 31 December			Year ending 31 December		
	2014	2015	2016	2017	2017	2017	2017	2017	2018	2019	2020	
	Number of projects contributed revenue in the year	Number of projects contributed revenue in the year	Number of projects contributed revenue in the year	Number of projects contributed revenue in the period	Number of projects contributed revenue in the period	Number of projects contributed revenue in the period	Number of projects contributing revenue in the period	Number of projects contributing revenue in the period	Number of projects contributing revenue in the year	Number of projects contributing revenue in the year	Number of projects contributing revenue in the year	
	Revenue recognised in the year	Revenue recognised in the year	Revenue recognised in the year	Revenue recognised in the period	Revenue recognised in the period	Revenue recognised in the period	Revenue recognised in the period	Revenue recognised in the period	Revenue to be recognised in the year	Revenue to be recognised in the year	Revenue to be recognised in the year	
	MOP'000 (audited)	MOP'000 (audited)	MOP'000 (audited)	MOP'000 (audited)	MOP'000 (audited)	MOP'000 (audited)	MOP'000 (unaudited)	MOP'000 (unaudited)	MOP'000 (unaudited)	MOP'000 (unaudited)	MOP'000 (unaudited)	
Structural steelworks, civil engineering construction, and fitting out and renovation works	22	305,224	9	13	295,285	19	150,174	23	211,559	1	22,743	
- Private sector	5	20,307	-	1	3,036	-	-	-	-	-	-	
- Public sector	17	325,531	9	12	298,321	19	150,174	23	211,559	1	22,743	
Subtotal	27	325,531	9	14	298,321	19	150,174	23	211,559	1	22,743	

# BUSINESS

	Year ended 31 December				Four months ended 31 December				Year ending 31 December							
	2014		2015		2016		2017		2018		2019		2020			
	Number of projects contributed revenue in the year	Revenue recognised in the year	Number of projects contributed revenue in the year	Revenue recognised in the year	Number of projects contributed revenue in the year	Revenue recognised in the year	Number of projects contributed revenue in the period	Revenue recognised in the period	Number of projects contributed revenue in the year	Revenue recognised in the year	Number of projects contributed revenue in the year	Revenue recognised in the year	Number of projects contributing revenue in the year	Revenue to be recognised in the year		
		MOP'000		MOP'000		MOP'000		MOP'000		MOP'000		MOP'000		MOP'000		
		(audited)		(audited)		(audited)		(audited)		(audited)		(audited)		(unaudited)		
<b>High voltage power substation construction and its system installation works</b>																
– Private sector	6	70,283	7	73,294	3	20,239	6	28,781	4	51,487	–	–	–	–		
– Public sector	3	37,369	2	25,768	4	166,427	3	24,423	3	160,800	1	36,732	–	–		
Subtotal	9	107,652	9	99,062	7	186,666	9	53,204	7	212,287	1	36,732	–	–		
<b>Facilities management, alteration and maintenance works and services</b>																
– Private sector	6	11,718	8	38,664	16	42,978	13	38,805	11	19,448	18	70,195	8	46,398	2	24,674
– Public sector	1	1,343	1	1,436	1	1,544	1	1,137	1	407	1	1,036	–	–	–	–
Subtotal	7	13,061	9	40,100	17	44,522	14	39,942	12	19,855	19	71,231	8	46,398	2	24,674
Total	43	446,244	34	543,424	33	464,882	37	391,467	37	205,518	49	495,077	10	105,873	2	24,674

***1. Our structural steelworks, civil engineering construction, and fitting out and renovation works projects by project type***

Our structural steelworks, civil engineering construction, and fitting out and renovation works can take a wide range of forms to meet the needs of a particular market and the requirements of our customers. Our customers for these services mainly include (i) world-class hotel and resort owners and operators, casino owners or operators and restaurant owners for the private sector, and (ii) large scale civil infrastructure projects in Macau, such as the Hong Kong-Zhuhai-Macau Link Bridge and hospital, tertiary institutions for the public sector.

*Private sector*

Our structural steelworks, civil engineering construction, and fitting out and renovation works projects for the private sector include world-class hotels and resorts in Macau such as a large scale integrated resort in Cotai featuring the world's largest water-based extravaganza, and several hotel and casino resorts located in Sé, Macau. During the Track Record Period, we generated approximately MOP305.2 million, MOP403.3 million, MOP233.7 million and MOP295.3 million, respectively from the private sector, representing approximately 93.8%, 99.8%, 100.0% and 99.0%, respectively of our total structural steelworks, civil engineering construction, and fitting out and renovation works revenue during the same period.

*Public sector*

Our structural steelworks, civil engineering construction, and fitting out and renovation works projects for public sector include construction projects of the Macau government or other government agencies or statutory bodies, a hospital run by the public sector on Guia Hill in Macau, and a university in Macau. During the Track Record Period, we generated approximately MOP20.3 million, MOP1.0 million, nil and MOP3.0 million, respectively from the public sector, representing approximately 6.2%, 0.2%, nil and 1.0%, respectively of our total structural steelworks, civil engineering construction, and fitting out and renovation works revenue during the same period.

***2. Our high voltage power substation construction and its system installation works projects by project type***

Our high voltage power substation construction and its system installation works are used for distributing a suitable volume and voltage of power (generally high voltage) from the main power connection to the premises and facilities of our customers in accordance with the specific needs of their business operations. Our high voltage power substation construction and its system installation works are custom-designed and implemented to suit our customers' specific needs, technical and commercial demands

and requirements, and are aimed at providing or improving the safety, stability and efficiency of their power systems. Our customers for these services mainly include private sector energy companies, utilities/electricity providers and hotels, resorts and casinos owners and operators.

### *Private sector*

Our high voltage power substation construction and its system installation works projects for the private sector include projects for world-class hotel and resort operators, such as the Substation Works for a Hollywood-inspired, cinematically-themed resort in Cotai. During the Track Record Period, we generated revenue of approximately MOP70.3 million, MOP73.3 million, MOP20.2 million and MOP28.8 million, respectively from the private sector, representing approximately 65.3%, 74.0%, 10.8% and 54.1%, respectively of our total high voltage power substation construction and its system installation works revenue during the same period.

### *Public sector*

Our high voltage power substation construction and its system installation works projects for the public sector include the (i) 220/110kV “Lotus” Substation in Cotai for the sole concession public utility company which provides electricity in Macau, which we undertook in consortium with the Power Projects Partner; (ii) a Shunt Reactor System at Lotus S/S – Civil and Integration Works; and (iii) a new 110/11kV Substation at a Macau university campus on Hengqin Island. During the Track Record Period, we generated revenue of approximately MOP37.4 million, MOP25.8 million, MOP166.4 million and MOP24.4 million, respectively from the public sector, representing approximately 34.7%, 26.0%, 89.2% and 45.9%, respectively of our total high voltage power substation construction and its system installation works revenue during the same period.

### ***3. Our facilities management, alteration and maintenance works and services projects by project type***

Our facilities management, alteration and maintenance works and services can take a wide range of forms to meet the needs of our customers for addition or alteration to the existing building structures, modification, removal or installation of equipment, upgrading or improving the general conditions of the building or premises or repair and maintenance of specified facilities/systems. Depending on the type and requirements of the contract awarded, we generally act as a main contractor in providing these services and may engage subcontractors to carry out certain ancillary works. Our customers for these services mainly include private sector, namely world-class hotels and resorts, casino owners or operators.



*Private sector*

Our facilities management, alteration and maintenance works and services projects for private sector include world-class hotels and resorts in Macau such as a Venetian-themed luxury hotel and casino resort in Cotai, a luxury hotel resort in Cotai reminiscent of the Bellagio featuring an eight-acre performance lake and aerial gondolas, and a hotel and casino resort in a riverside building in the Old Macau district. During the Track Record Period, we generated approximately MOP11.7 million, MOP38.7 million, MOP43.0 million and MOP38.8 million, respectively from private sector, representing approximately 89.7%, 96.4%, 96.5% and 97.2%, respectively of our total facilities management, alteration and maintenance works and services revenue during the same period.

*Public sector*

Our facilities management, alteration and maintenance works and services projects for public sector include the Macau government or other government agencies or statutory bodies in Macau. During the Track Record Period, we generated approximately MOP1.3 million, MOP1.4 million, MOP1.5 million and MOP1.1 million, respectively from public sector, representing approximately 10.3%, 3.6%, 3.5% and 2.8%, respectively of our total facilities management, alteration and maintenance works and services revenue during the same period.

(ii) Our business streams by roles

The following table sets out a breakdown for the number of projects by business streams and roles of our Group which, either (i) contributed revenue during the Track Record Period; (ii) contributed revenue during the Track Record Period and will contribute backlog revenue after the Track Record Period; or (iii) did not contribute revenue during the Track Record Period but will contribute backlog revenue after the Track Record Period:

	Year ended 31 December		2016		2017		Four months ended 31 December		2018		2019		2020	
	Number of projects contributed in the year	Revenue recognised in the year	Number of projects contributed revenue in the year	Revenue recognised in the year	Number of projects contributed revenue in the period	Revenue recognised in the period	Number of projects contributing revenue in the period	Revenue recognised in the period	Number of projects contributing revenue in the year	Revenue to be recognised in the year	Number of projects contributing revenue in the year	Revenue to be recognised in the year	Number of projects contributing revenue in the year	Revenue to be recognised in the year
<b>Structural</b>														
steelworks, civil engineering construction, and fitting out and renovation works	14	208,361	8	63,224	11	256,981	15	145,050	18	119,142	1	22,743	–	–
– Main contractors	13	117,170	8	341,038	3	41,340	4	5,124	5	92,417	–	–	–	–
– Subcontractors	27	325,531	16	404,262	14	298,321	19	150,174	23	211,559	1	22,743	–	–
Subtotal														
<b>High voltage power substation construction and its system installation works</b>														
– Main contractors	4	60,012	3	30,939	4	166,427	2	15,300	4	205,608	1	36,732	–	–
– Subcontractors	5	47,640	6	68,123	3	20,239	6	20,189	3	6,679	–	–	–	–
Subtotal	9	107,652	9	99,062	7	186,666	9	35,489	7	212,287	1	36,732	–	–
<b>Facilities management, alteration and maintenance works and services</b>														
– Main contractors	5	7,713	5	10,274	7	10,598	6	6,967	14	54,908	7	45,915	2	24,674
– Subcontractors	2	5,348	4	29,826	10	33,924	8	32,975	5	16,323	1	483	–	–
Subtotal	7	13,061	9	40,100	17	44,522	14	39,942	19	71,231	8	46,398	2	24,674
Total	43	446,244	34	543,424	33	464,882	37	391,467	49	495,077	10	105,873	2	24,674

***1. Our structural steelworks, civil engineering construction, and fitting out and renovation works projects by role***

We either act as a main contractor or a subcontractor in these construction projects. In the event that we act as the main contractor, we are generally be responsible for the overall coordination and management of a construction project, including procuring raw materials, machineries and equipment, site supervision, management of direct labour and subcontractors and ensuring the quality of the project and on schedule delivery.

***2. Our high voltage power substation construction and its system installation works projects by role***

We generally act as a main contractor, and in some cases, as a member of a consortium and a subcontractor in providing high voltage power substation construction and system installation works. We are able to provide planning, scheduling, project management and construction of customised and technological advanced high-voltage substations and complex power transmission infrastructure with installation of high voltage power system.

***3. Our facilities management, alteration and maintenance works and services projects by role***

We generally act as a subcontractor in providing these services. Our customers for these services include the Power Projects Partner and main contractors, where projects are mainly located at hotels and resorts in Macau. As a subcontractor, we are responsible for carrying out works delegated and arranged by the main contractors in accordance with the relevant subcontracting contracts. We are able to offer a complete solution, from planning, design, consultancy, construction, to facilities operation and maintenance management and maintenance and repair works.

## BUSINESS

### Backlog

The following tables set out the movement of the backlog revenue and the number of our projects by business stream during the Track Record Period and up to 31 December 2017:

	Year ended 31 December			Eight months ended 31 August	Four months ended 31 December
	2014	2015	2016	2017	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
<b>Structural steelworks, civil engineering construction, and fitting out and renovation works</b>					
<i>Opening value of backlog</i>	54,083	633,878	235,621	384,014	213,965
<i>Add: Net value of new contracts<sup>(1)</sup></i>	905,326	6,005	382,087	128,272	170,511
<i>Less: Revenue recognised<sup>(2)</sup></i>	(325,531)	(404,262)	(233,694)	(298,321)	(150,174)
<i>Closing value of backlog<sup>(3)</sup></i>	<u>633,878</u>	<u>235,621</u>	<u>384,014</u>	<u>213,965</u>	<u>234,302</u>
<b>High voltage power substation construction and its system installation works</b>					
<i>Opening value of backlog</i>	93,993	85,870	263,137	82,101	186,967
<i>Add: Net value of new contracts<sup>(1)</sup></i>	99,529	276,329	5,630	158,070	97,541
<i>Less: Revenue recognised<sup>(2)</sup></i>	(107,652)	(99,062)	(186,666)	(53,204)	(35,489)
<i>Closing value of backlog<sup>(3)</sup></i>	<u>85,870</u>	<u>263,137</u>	<u>82,101</u>	<u>186,967</u>	<u>249,019</u>
<b>Facilities management, alteration and maintenance works and services</b>					
<i>Opening value of backlog</i>	9,708	90,988	57,785	52,586	109,660
<i>Add: Net value of new contracts<sup>(1)</sup></i>	94,341	6,897	39,323	97,016	52,498
<i>Less: Revenue recognised<sup>(2)</sup></i>	(13,061)	(40,100)	(44,522)	(39,942)	(19,855)
<i>Closing value of backlog<sup>(3)</sup></i>	<u>90,988</u>	<u>57,785</u>	<u>52,586</u>	<u>109,660</u>	<u>142,303</u>
<b>Total</b>	<u><u>810,736</u></u>	<u><u>556,543</u></u>	<u><u>518,701</u></u>	<u><u>510,592</u></u>	<u><u>625,624</u></u>

Notes:

- (1) “Net value of new contracts” means the total contract value of the contracts which were awarded to us together with the additional amount(s) under the variation order(s) during the relevant year/period indicated for that particular business stream.
- (2) “Revenue recognised” means the revenue for the contracts that has been recognised during the relevant year/period indicated for that particular business stream.
- (3) “Closing value of backlog” means the total contract value for the remaining work of the contracts before the percentage of completion reaches 100% as at the end of the relevant year/period indicated for that particular business stream.

## BUSINESS

	Year ended 31 December			Eight months ended 31 August	Four months ended 31 December
	2014	2015	2016	2017	2017
<b>Structural steelworks, civil engineering construction, and fitting out and renovation works</b>					
<i>Opening number of contracts</i>	5	14	7	10	10
<i>Add: Number of contracts newly awarded during the year/period</i>	25	3	8	7	18
<i>Less: Number of contracts completed during the year/period</i>	(16)	(10)	(5)	(7)	(5)
<i>Closing number of contracts</i>	14	7	10	10	23
<b>High voltage power substation construction and its system installation works</b>					
<i>Opening number of contracts</i>	5	6	5	4	6
<i>Add: Number of contracts newly awarded during the year/period</i>	3	3	1	3	1
<i>Less: Number of contracts completed during the year/period</i>	(2)	(4)	(2)	(1)	–
<i>Closing number of contracts</i>	6	5	4	6	7
<b>Facilities management, alteration and maintenance works and services</b>					
<i>Opening number of contracts</i>	3	9	11	11	10
<i>Add: Number of contracts newly awarded during the year/period</i>	6	3	8	5	10
<i>Less: Number of contracts completed during the year/period</i>	–	(1)	(8)	(6)	(1)
<i>Closing number of contracts</i>	9	11	11	10	19
<b>Total</b>	<b>29</b>	<b>23</b>	<b>25</b>	<b>26</b>	<b>49</b>

(iii) Top five projects

The following table sets out our top five structural steelworks, civil engineering construction, and fitting out and renovation works projects by contract sum undertaken by us during the Track Record Period:

Project	Project type	Services provided by our Group	Year of commencement	Year of completion <sup>(1)</sup> / Expected year of completion <sup>(2)</sup>	Awarded contract value	Revenue recognised during the Track Record Period				Revenue recognised/estimated to be recognised after the Track Record Period		
						Year ended 31 December		Eight months ended 31 August 2017	Four months ended 31 December 2017	Year ending 31 December		
						2014	2015	2016	2017	2018	2019	
Project 1	Hotel	Erection of steelworks and carrying out the civil construction works of the world's first free-form exoskeleton skyscraper luxury hotel	2014	2017	347,784	7,691	151,515	148,152	40,426	-	-	-
Project 2	Hotel	Supply and installation of the internal atrium package and exoskeleton for the world's first free-form exoskeleton skyscraper luxury hotel	2016	2018	128,441	-	-	-	82,414	30,702	15,325	-
Project 3	Integrated resort	Providing structural, metal roofing system, landscape works, building service works, fitting out works for a new building at a hotel complex in a large scale integrated resort in Cotai	2014	2014	128,122	128,122	-	-	-	-	-	-
Project 4	Integrated resort	Supply and installation of the podium roof steelwork for the "Ballroom" and the "Theatre" for a Paris-themed casino resort in Cotai	2014	2016	110,356	10,500	82,844	17,012	-	-	-	-
Project 5	Integrated resort	Supply and installation of various steel structures within the integrated resort	2016	2018	98,800	-	-	15,731	45,147	18,243	19,679	-

Notes:

- (1) The year of completion represents the year when we submitted the project completion report to our customer.
- (2) The expected year of completion represents the year of completion specified in the contract or the year of completion as later agreed upon with our customer.

The following table sets out our top five high voltage power substation construction and its system installation works projects by contract sum undertaken by us during the Track Record Period:

Project	Project type	Services provided by our Group	Year of commencement	Year of completion <sup>(1)/</sup> Expected year of completion <sup>(2)</sup>	Awarded contract value	Revenue recognised during the Track Record Period				Revenue recognised/estimated to be recognised after the Track Record Period		
						Year ended 31 December		Eight months ended 31 August 2017	Four months ended 31 December 2017	Year ending 31 December		
						2014	2015			2016	2018	2019
						MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	
Project 6	Public amenities (hospital) (in consortium with the Power Projects Partner)	Design and engineering, construction, installation, 2014 engineer assistance, staff training, defects rectification for the purpose of providing a turnkey project	2014	2018	149,861	-	-	85,467	14,586	5,000	44,808	-
Project 7	Theme park	Design, engineering construction and installation of a substation for a Japanese bobtail cat cartoon character theme park	2017	2018	110,108	-	-	-	-	10,300	99,808	-
Project 8	Hotel casino complex	Design, supply and delivery of major equipment for 110kV/11kV electrical power supply system and substation building service works	2014	2018	109,377	-	22,744	71,611	9,129	-	5,893	-
Project 9	Integrated resort	Civil construction and related works, including site infrastructure and building services, and providing logistical arrangements, supply of certain materials and services, project management and design engineering and provision of tools and equipment for a 110/11kV substation plant	2012	2015	99,310	22,643	5,172	-	-	-	-	-
Project 10	Public amenities	Design, engineering, manufacturing, construction and erection, staff training and defects rectification in relation to the 220/110kV "Lotus" Substation in Cotai and its Shunt Reactor System	2008	2014	85,245	4,027	-	-	-	-	-	-

Notes:

- (1) The year of completion represents the year when we submitted the project completion report to our customer.
- (2) The expected year of completion represents the year of completion specified in the contract or the year of completion as later agreed upon with our customer.

The following table sets out our top five facilities management, alteration and maintenance works and services projects by contract sum undertaken by us during the Track Record Period:

Project	Project type	Services provided by our Group	Year of commencement	Year of completion <sup>(1)</sup> / Expected year of completion <sup>(2)</sup>	Awarded contract value	Revenue recognised during the Track Record Period				Revenue recognised/estimated to be recognised after the Track Record Period			
						Year ended 31 December		Eight months ended 31 August 2017	Four months ended 31 December 2017	Year ending 31 December			
						2014	2015			2016	2017	2018	2019
						MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	
Project 11	Integrated resort	Provision of operation and maintenance services for energy centres and mechanical, electrical and plumbing systems of hotel complex	2017	2020	123,538	-	-	-	4,140	12,366	41,179	41,179	24,674
Project 12	Integrated resort	Provision of installation 11kV system equipment, liaising with power authorities, and making arrangements in the provision of labour	2015	2018	41,197	-	17,082	13,115	6,950	-	4,050	-	-
Project 13	Integrated resort	Provision of operation and maintenance services and mechanical and electrical provisions systems for Phase II of a mega integrated resort	2014	2017	20,687	2,335	10,955	5,829	1,568	-	-	-	-
Project 14	Integrated resort	Provision of equipment installation, testing and commissioning activities and cabling works for high voltage equipment	2014	2016	13,467	3,514	4,788	5,165	-	-	-	-	-
Project 15	Integrated resort	Provision of routine preventative maintenance services of power substation and delivery of power equipment	2016	2019	9,367	-	-	1,659	3,466	680	3,079	483	-

*Notes:*

- (1) The year of completion represents the year when we submitted the project completion report to our customer.
- (2) The expected year of completion represents the year of completion specified in the contract or the year of completion as later agreed upon with our customer.



---

## BUSINESS

---

During the Track Record Period, most of our major construction projects were hotel and/or casino-related projects in Macau, including (i) Projects 1 to 5 for structural steelworks, civil engineering construction, and fitting out and renovation works projects; (ii) Projects 8 and 9 for high voltage power substation construction and its system installation works projects; and (iii) Projects 11 to 15 for facilities management, alteration and maintenance works and services projects. During the Track Record Period, we generated revenue of approximately MOP362.2 million, MOP496.0 million, MOP353.2 million and MOP344.5 million, respectively from our hotel and/or casino-related projects, representing approximately 81.2%, 91.3%, 76.0% and 88.0% of our total revenue, respectively.

Despite most of our major projects were hotel and/or casino-related projects in Macau during the Track Record Period, our Directors consider that, leveraging on our established reputation and proven track record, our business would still be sustainable even if demand from hotel and/or casino-related customers reduces:

- (a) During the Track Record Period, our Group had undertaken a number of large-scale and technically challenging construction projects as well as construction projects which required complex and effective organisation and management. Our Directors believe that we are able to undertake non-hotel and/or casino-related projects in Macau, leveraging on (i) our expertise and capability; (ii) our established reputation and proven track record; and (iii) the fact that we are one of the top Macau-based players in both the civil engineering market and the high voltage power substation market in Macau.
- (b) During the Track Record Period, we generated revenue of approximately MOP84.0 million, MOP47.4 million, MOP111.7 million and MOP47.0 million, respectively from non-hotel and/or casino-related projects.
- (c) The major projects from non-hotel and/or casino-related customers undertaken by us include:
  - (i) in respect of our structural steelworks, civil engineering construction, and fitting out and renovation works projects: we had been engaged by customers including the Macau government departments, a public hospital on Guia Hill in Macau, a university in Macau and other non-hotel and/or casino-related commercial entities in Macau, for, among others, undertaking the construction works in an international airport, a public hospital, a recreational sports centre and a museum in Macau;
  - (ii) in respect of our high voltage power substation construction and its system installation works projects: we had been engaged by customers including the sole concession public utility company which provides electricity in Macau, the Power Projects Partner and other non-hotel and/or casino-related commercial entities in Macau, for, among others, undertaking the construction of high voltage power substations on Hengqin Island and in a public hospital in Macau, and the power distribution system services and works for the Hong Kong-Zhuhai-Macau Link Bridge – Macau Port of Entry (customs and immigration); and

---

## BUSINESS

---

- (iii) in respect of our facilities management, alteration and maintenance works and services projects: we had been engaged by customers including the Macau government departments for, among others, undertaking the maintenance works for the sterile clean laboratory at a public hospital and a recreational sports centre in Macau.
- (d) As at 31 December 2017, we had backlog revenue of approximately MOP151.7 million, representing approximately 24.3% of our total backlog revenue, expected to be generated from our nine non-hotel and/or casino-related projects on hand, including the high voltage power substation construction and its system installation works projects of (i) a high voltage power substation for light rapid transit rail system (i.e. Awarded Project 2, whose contract value is approximately MOP91.8 million); and (ii) a high voltage power substation for upgrade of gas turbine in Macau (i.e. Awarded Project 4, whose contract value is approximately MOP6.6 million).
- (e) As at the Latest Practicable Date, we had submitted one tender proposal in respect of a non-hotel and/or casino-related structural steelworks, civil engineering construction, and fitting out and renovation works project for a public infrastructure programme in Macau (i.e. Tender-submitted Project 4, whose tendered amount is approximately MOP29.5 million).

As at the Latest Practicable Date, we had been invited by the Power Projects Partner to form a consortium for the purpose of bidding for a tender from the sole concession public utility company which provides electricity in Macau as project owner in relation to a new non-hotel and/or casino-related power generator system and ancillary facilities construction and installation works project in Coloane, Macau (i.e. Potential Project 3, whose contract value our Group is expected to undertake if the project is awarded will amount to approximately MOP1,000 million).

Please refer to “Future plans and use of proceeds – Funds to be locked up for issuance of performance bonds for new projects – (ii) Tender-submitted Projects” and “Future plans and use of proceeds – Funds to be locked up for issuance of performance bonds for new projects – (iii) Potential Projects” of this prospectus for our Directors’ belief of having a fairly good chance of securing Tender-submitted Project 4 and Potential Project 3.

- (f) In light of the five-year development plan (2016-2020) promulgated by the Macau government, more large-scale infrastructures are expected to be constructed. In particular, it is expected that the reclamation of land in the south of Hac Sa Beach will include, among others, the development of a residential area involving 20,000 proposed public housing units, several multi-functional districts and public facilities as the “fourth space” for Macau’s future development. Moreover, in anticipation of the surge in the demand for electricity and power in the new developments in the

---

## BUSINESS

---

reclaimed area in the south of Hac Sa Beach, we also expect that more power substations will be built to support the power demand in the reclaimed areas. Our Directors believe that the aforesaid new construction works as well as new power substations to be constructed will also give rise to demand for facilities management services in the reclaimed areas.

Please refer to “Risk factors – Risks relating to our business – Our operation results may be significantly affected if the availability of hotel and/or casino-related projects reduces” of this prospectus for further details.

### OUR LIQUIDITY POSITION

Our Directors are of the view that, in order to undertake our wide range of large-scale and complex construction projects, it is crucial for us to carefully and prudently maintain a robust liquidity position at all times, particularly in the form of steady and strong level of cash balance, to ensure our smooth business operations and to be able to devote sufficient resources in the implementation of our business plans.

During the Track Record Period, our Group’s bank and cash balance levels went through a typical rise and fall cycle each year as affected by the progress of our projects.

Our Group had a high bank and cash balance of approximately MOP192.4 million as at 30 November 2017 because of the significant cash inflow resulting from the settlement of the final or interim accounts by certain customers upon or towards completion of certain major projects, namely Projects 1, 2 and 5 for structural steelworks, civil engineering construction, and fitting out and renovation works and Project 8 for high voltage power substation construction and its system installation works. Please refer to “Our projects – (iii) Top five projects” in this section for further details.

Our bank and cash balance is expected to decrease to approximately MOP130 million as at 31 January 2018 and our bank and cash balance (net of the gross proceeds from the Global Offering) is expected to further decrease to approximately MOP100 million as at 28 February 2018, mainly due to the fact that our Group will have to pay off various expenses, including but not limited to, outstanding payables due to our suppliers and subcontractors and year-end bonuses to our workers and employees, prior to the lunar new year holiday in February 2018 in keeping with industry practice and Chinese traditional culture.

#### **(i) Our cash needs for our current operation scale**

Our bank and cash balance is generally required to be utilised in the following ways: (a) to deposit as funds locked up for the issuance of performance bonds for the existing projects; (b) to satisfy needs of working capital for the daily operations under our Group’s current operation scale; and (c) to fund part of the upfront expenditures (excluding the financing of performance bonds) at project commencement for the new projects from time to time.

---

## BUSINESS

---

*(a) Funds locked up for the issuance of performance bonds for the existing projects*

We are generally required to take out performance bonds which amount to approximately 10% of the contract sum of the relevant projects before project commencement. Accordingly, the cash flow requirement at the commencement stage of our projects together with our available cash and financial resources has a significant impact on the number as well as the size of the projects that we could undertake at the same time.

In July 2017, with the intention to replace the Bank A Facility in case Bank A did not agree to release the personal guarantees by our Controlling Shareholders upon the Listing, we obtained the Bank B Facility from Bank B. In order to streamline and consolidate our credit facilities for, among other things, better administrative management and lowering our average monthly bank balance maintenance requirements pursuant to the terms of the Bank A Facility and the Bank B Facility, we will terminate the Bank A Facility subject to all formalities being complied with. As at the date of this prospectus, we are still in the process of replacing the issued performance bonds under the Bank A Facility with the Bank B Facility and notifying the relevant project owners or main contractors of the same (if necessary). To the best knowledge and belief of our Directors, the formal agreement to terminate the Bank A Facility is expected to be executed in March 2018 between Bank A and our Group.

Upon completion of the replacement of the issued performance bonds and the termination of the Bank A Facility as mentioned above, we will only have one available credit facility, namely the Bank B Facility, for the issuance of performance bonds by end of March 2018.

Our Directors confirm that our Group will not further utilise the Bank A Facility prior to its termination and our Group is in the progress of replacing the utilised amount of approximately MOP96.8 million under the Bank A Facility as at 30 November 2017 with the Bank B Facility. For illustrative purpose only, assuming the aforesaid replacement and termination of the Bank A Facility had been completed on or before 30 November 2017, the total unutilised credit facilities and utilised credit facilities for the issuance of performance bonds of our Group should have been approximately MOP156.5 million and MOP101.0 million as at 30 November 2017, respectively.

Pursuant to the terms of the Bank B Facility, Bank B would issue guarantee(s), including the performance bond(s), for our Group on the condition that, among others, our Group will place a fixed deposit equivalent to 20% of the drawdown amount as security and maintain an average monthly bank balance of not less than HK\$20 million. As such, a portion of our Group's cash will be locked up and will not be available for other uses or purposes during the term of the relevant guarantee(s).

For illustrative purpose, if our Group is to draw down an aggregate amount of HK\$250 million from the Bank B Facility, we are required to maintain at least HK\$70 million cash with Bank B (being an aggregate of the fixed deposits equivalent to HK\$50 million as security and the average monthly bank balance of HK\$20 million).

---

## BUSINESS

---

Based on (i) our pledged bank deposit balance as at 30 November 2017; (ii) our Directors' expectation that there will not be any release of our performance bonds from our completed projects until February 2018; and (iii) our Directors' expectation on the issuance of our performance bonds for our projects commenced or to be commenced before February 2018, our pledged bank deposit balance towards the end of February 2018 is estimated to be no less than MOP28.0 million.

*(b) Needs of working capital for daily operations*

Our Group requires an ample amount of working capital to run our daily operations and fund our payment obligations from time to time, including payments to suppliers, subcontractors, direct labour and staff.

For illustrative purpose, during the year ended 31 December 2016 and the eight months ended 31 August 2017, our Group's average working capital needs (i.e. the expected cash outflow is greater than the expected cash inflow) for our daily operations amounted to no less than MOP34 million at all times. Such figure was derived from the following bases and assumptions: (a) one month historical average outflow to our suppliers prior to inflow from our customers in the sum of approximately MOP9 million; (b) one month historical average outflow to our subcontractors prior to inflow from our customers in the sum of approximately MOP12 million; and (c) a two month buffer for the payment of our direct labour and other staff costs in the sum of approximately MOP13 million according to our Group's management practice.

Nevertheless, in keeping with industry practice and Chinese traditional culture, our Group will have to pay off various expenses, including but not limited to, outstanding payables due to our suppliers and subcontractors and year-end bonuses to our workers and employees, prior to the lunar new year holiday in January or February. For such period, minimum working capital needs for our daily operations amounted to no less than MOP13 million, being the aforementioned two month buffer for the payment of our direct labour and other staff costs, is still required to be maintained.

It is imperative that we meet our payment obligations in a punctual manner, in particular to our labour and subcontractors. Failure to do so would lead to a delay and even a potential failure to complete the construction project. We may also be liable to pay our customers liquidated damages as stipulated in the contracts and may be subject to litigation claims for damages. Worse still, if we fail to pay our local and/or foreign workers in time, it may affect our ability to apply for foreign labour quotas or obtain or renew the necessary working permits and documents for our foreign staff and workers in the future. All the above could seriously affect our Group's reputation in the construction industry and hinder our business development.

*(c) Funding part of the upfront expenditures (excluding performance bonds) at project commencement of the new projects from time to time*

In line with the industry practice, we generally have a net cash outflow at the early stage of the project and a net cash inflow at the completion stage of the project. Depending on the nature, scope and complexity of the projects to be undertaken, we generally have to incur significant upfront expenditures such as payment for rental deposits of machineries and equipment, subcontracting fees, site set-up costs, mobilisation costs (e.g. the costs of mobilising machineries, equipment and labour to the necessary work locations), material costs, labour costs, insurance costs, before the commencement of the projects.

For illustrative purpose, during the Track Record Period, the upfront expenditure ratio (i.e. the upfront expenditure, excluding performance bonds, for the first three months of project implementation to contract value) for structural steelworks, civil engineering construction, and fitting out and renovation works projects of contract value over MOP100 million ranged from approximately 1.7% to approximately 14.4%, and the weighted average upfront expenditure ratio of such projects was approximately 10.6%. The upfront expenditure ratio for high voltage power substation construction and its system installation works projects of contract value over MOP100 million ranged from approximately 2.0% to approximately 5.4%, and the weighted average upfront expenditure ratio of such projects was approximately 4.6%.

Assuming the upfront expenditures of our Awarded Projects follow a similar cash outflow pattern at project commencement as the projects used to calculate the aforementioned weighted average upfront expenditure ratios, and applying such ratios to our Awarded Projects with a total awarded contract value of approximately MOP284.3 million as at the Latest Practicable Date (i.e. the weighted average upfront expenditure ratio of approximately 10.6% is applied to our Awarded Project 3 which is a structural steelworks, civil engineering construction, and fitting out and renovation works project with contract value of approximately MOP75.8 million and the weighted average upfront expenditure ratio of approximately 4.6% is applied to our Awarded Projects 1, 2, and 4 which are high voltage power substation construction and its system installation works projects with a total contract value of approximately MOP208.5 million), the upfront expenditures to be paid by our Group are expected to be approximately MOP17.6 million. Out of this expected upfront expenditures, we expect to pay approximately MOP13.4 million for our Awarded Projects 1, 3 and 4 in the first quarter of 2018 and approximately MOP4.2 million for our Awarded Project 2 in the second quarter of 2018.

It is therefore essential for our Group to carefully and prudently maintain a healthy buffer and strong cash/liquidity position at all times to ensure our smooth business operations and maintain our reputation in the construction industry, so as to allow our Group to capture potential business opportunities from time to time.

---

## BUSINESS

---

### **(ii) Time lags between payments and receipts**

In relation to our interim billings:

- Our customers generally make progress payments to us on a monthly basis, or based on the site works done, or milestone payments to us according to our achievement of specified milestones. Our customers generally make payment to us within 30 to 90 days upon receipt of our invoice;
- For the purchase of raw materials, we generally make payment to the suppliers within 30 to 45 days upon delivery to the construction or works site; and
- For the subcontracting works, we generally make payment to our subcontractors within 30 to 45 days after receiving their invoice for certified value of the works completed.

As such, in line with the construction industry and as confirmed by F&S, we may experience potential time lags between making payments to our suppliers and subcontractors and receiving payments from our customers, resulting in possible cash flow mismatch. Consequently, we need to maintain a higher level of available cash balance in line with our scale of operations and meeting our liquidity needs in case of unforeseen circumstances.

### **(iii) Competitive advantage arising from robust liquidity position**

Our Directors are of the view, as further confirmed by F&S, that maintaining a robust liquidity position is a competitive advantage to the healthy development of our business as our liquidity position has an impact on our business partners' perception on us:

- our customers and the Power Projects Partner may become reluctant to co-operate with us if we have higher credit/financial risk as they may have concerns for our ability to pay our suppliers and subcontractors in a timely manner and hence our ability to deliver on time; and
- our suppliers and subcontractors may have concerns for our financial viability and impose more stringent credit terms on us for the materials supplied or the subcontracting services rendered.

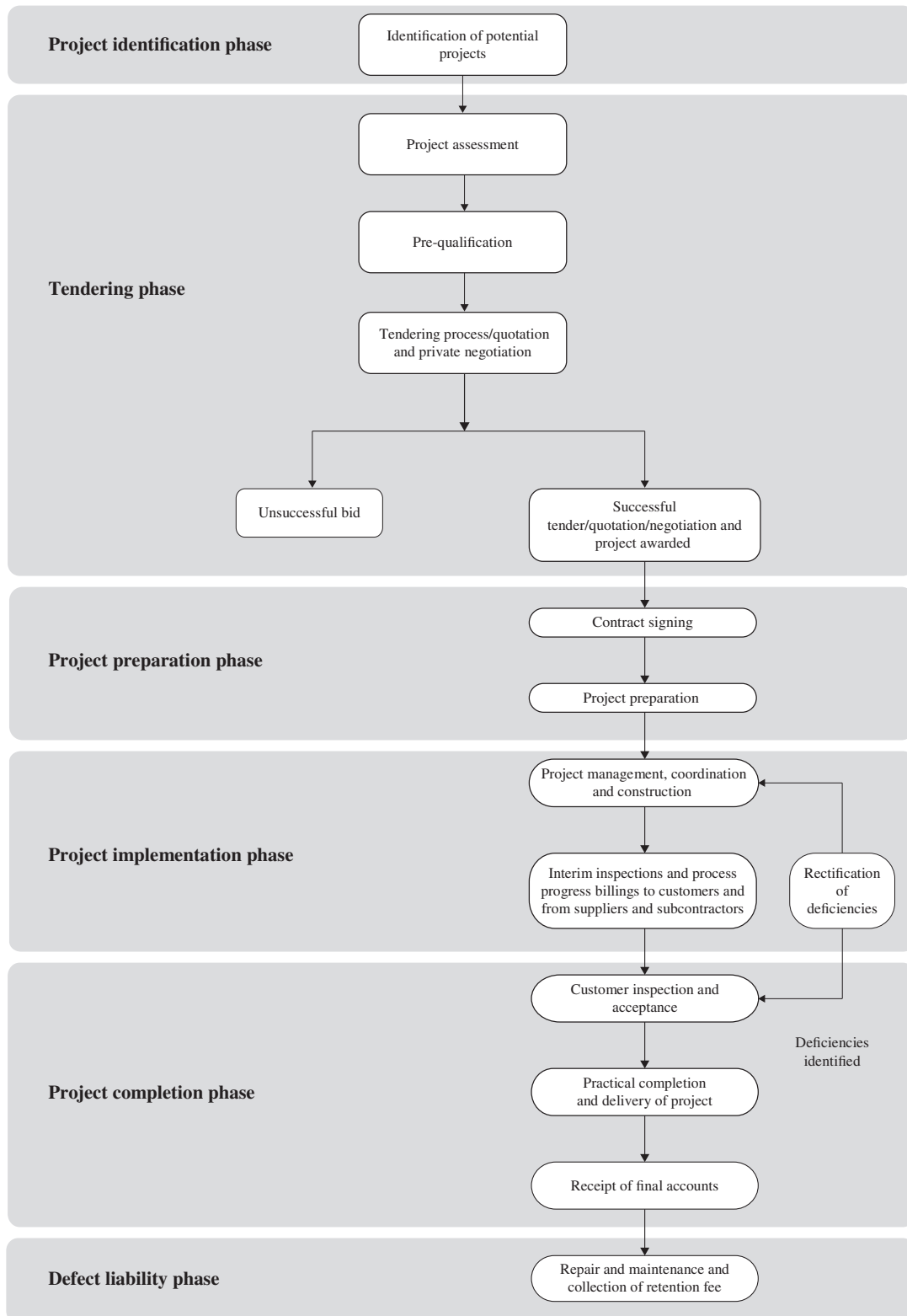
---

# BUSINESS

---

## OUR OPERATION PROCESS

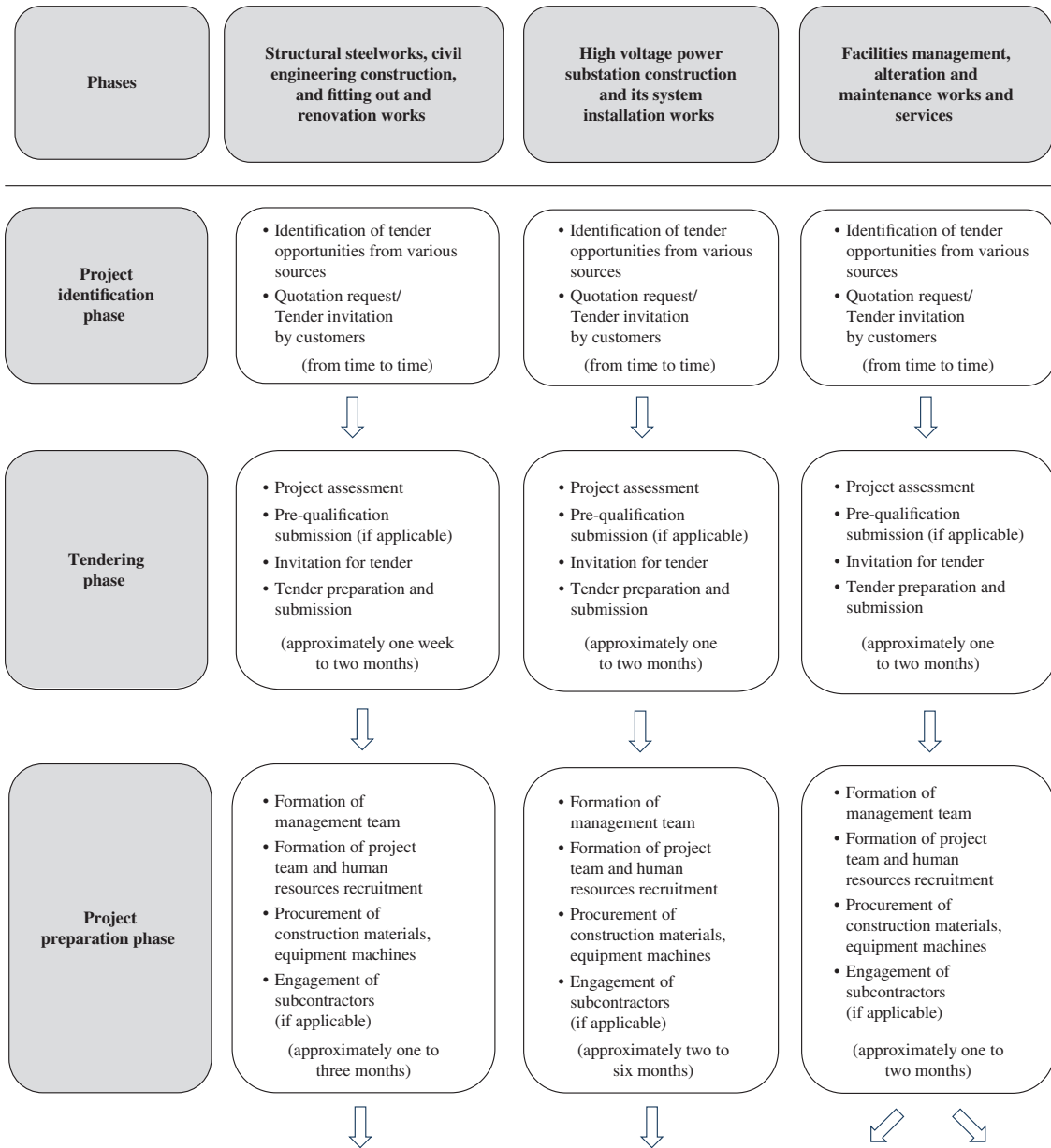
For illustrative purposes, the following chart sets forth key stages of our operating flow which generally applies to all types of our construction projects.



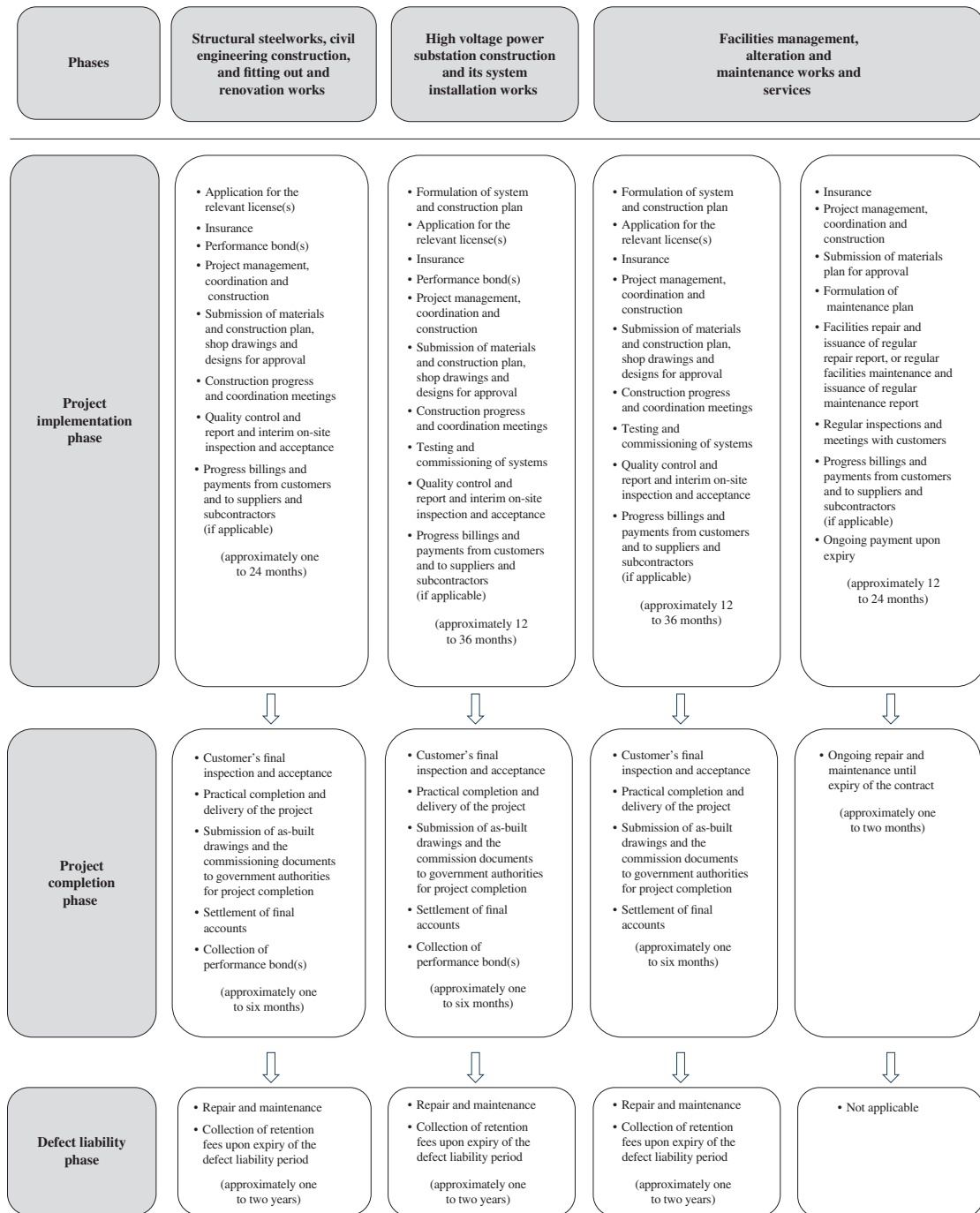


## BUSINESS

For illustrative purposes, the following chart sets forth our operating flow which generally applies to our projects of three business streams, namely (i) structural steelworks, civil engineering construction, and fitting out and renovation works, (ii) high voltage power substation construction and its system installation works and (iii) facilities management, alteration and maintenance works and services that we have undertaken.



# BUSINESS



## Project identification phase

### *Identification of potential projects*

We obtain most of our construction contracts through direct invitations for tender by our customers. We generally identify our construction projects from a variety of sources, including online publications of the Macau government departments or statutory or public bodies and websites of our existing and potential customers on which tender notices and invitations are published from time to time. We may also be informed of projects subject to tender by

receiving invitation letters directly from the engineer consultant or architect representing the customers. Potential customers may also approach us with current or upcoming tender opportunities through referrals, word-of-mouth or from previous tenders and contracts.

### **Tendering phase**

#### ***Project assessment***

We collect project information from customers as well as the tender document, which are usually posted for preliminary review and evaluation. The tender document generally includes, among other things, tender conditions, scope of works or services, location, expected timetable, commencement date and contract period, design and material requirements, schedule of rates and drawings, other technical specifications and submission criteria.

For invitations for tender from our existing or potential customers, they will normally provide us with the relevant quotation or tender document which generally contains scope of works or services, location, expected timetable, commencement date and contract period, design and material requirements, schedule of rates and drawings, other technical specifications and submission criteria.

In determining whether to pursue a potential construction project, we conduct an internal assessment of the feasibility to undertake such project after taking the following factors into account, including, among others:

(a) Risk assessment:

- background, credibility and financial standing of customers, together with experience and reputation of their engineer consultants and project management teams;
- technical aspect of the project;
- safety aspect of the project;
- government policies;
- construction period;
- brand enhancement effect; and
- risks and opportunities;

(b) Market assessment:

- expected trend on material costs;
- expected trend on labour costs;
- comparison analysis between our Group and competitors;
- the prevailing market conditions; and
- prevailing and expected status of our proposed subcontractors (if applicable);

(c) Internal assessment:

- expected resources and costs incurred for tendering;
- cashflow requirement and implication on our Group;
- allocation and management of project management teams and direct labour;
- costing and pricing analysis;
- our technical and design capabilities;
- our manpower, machineries and equipment capacities; and
- our familiarity on the construction site.

### ***Pre-qualification***

For existing customers mostly in the private sector which we are already on their list of qualified contractors, we generally receive invitations to tender from them for the new projects. We generally will reply with our letter of interest for tendering and our customers may then either directly negotiate with us or request us to make a tender submission.

For some new customers, we are required to participate in a pre-qualification screening process in order to be on their list of qualified contractors. The prospective customers will assess our eligibility to tender, which generally includes our background, organisational chart, financial resources (in particular, performance bonds requirements), manpower and resources, resumes of project management team, quality assurance policy, safety statements and records, environmental protection plan, track record experience and job reference showing the nature, complexity and scale the projects. If we succeed in such pre-qualification screening, we generally receive the customers' invitations to tender and the tender documents.

### *Tendering process*

A tendering team comprising key members of the project that generally includes project manager and project administrator, depending on the type and scale of the project, will be formed to prepare the tender submission. Our tendering team will then conduct a background search on the customer, collect more information about the project, conduct a site visit to the place at which the project is to be undertaken (if necessary) so as to have a better understanding of the site and the complexity of the works involved. Our tendering team will then assess the feasibility of undertaking the project after taking into account certain factors, including nature and scale of the construction project, location, scope of works or services to be performed, quality standard, design and material requirements, technical specifications, major machineries and equipment required, expertise and manpower required, construction commencement date and period, construction timetable and milestones, availability of financial resources, performance bonds, and risks and opportunities assessments.

Our tendering team will also conduct a preliminary costing and pricing analysis based on the data and information in our database which collects detailed financial information of the projects we have undertaken, such as revenue, profits, costs and expenses on manpower, subcontractors, materials, machineries and equipment required for each project and the prevailing market prices of the same. If our information in our database is not sufficient to make a feasible costing analysis, we will then secure quotations from our suppliers of materials, in particular steel for our structural steelworks as it forms our principal raw materials and subcontractors to facilitate our cost estimation and budgeting so as to lock up the price of materials and/or subcontractors. For the purpose of selecting the appropriate subcontractor to complete the assigned works, we generally provide the potential subcontractors with detailed method of works setting out methods of delivering and distributing materials and for accessing, installing, finishing and protecting the works so as to ensure the safety and quality standards are maintained all the times throughout the construction of the project. Such potential subcontractors are required to submit their programme, labour and plant forecast, submission and material delivery schedule for our consideration and tender preparation. Our tendering team will work out the composition of members of management and project teams and the manpower, subcontractors (if applicable), materials and equipment required for the project and prepare a tender proposal, which will then be submitted to our management team for approval.

We will put together a draft tender proposal in accordance with the tender document after our approved analysis. We may make cost adjustments where necessary based on our past experience on the possibility of having variation orders and prevailing market conditions. Our draft tender proposal generally includes information on our company and team profile, construction methods, list of construction plants, bills of quantities, labour histogram, construction schedule and timeline as well as a schedule of rates, which primarily includes the rates for raw materials, machineries and equipment and labour. Our draft tender proposal must be approved by our management team before submission. The time required for preparing a tender proposal varies case by case, and depends on the specific project requirements.

---

## BUSINESS

---

Typically, our tender preparation process takes one week to two months. In some cases, we may be requested to attend an interview after our submission of the tender proposals. We are generally notified the tender results within one to three months after our submission of the tender.

We keep track of all tenders we have submitted in our database, with information such as project names and description, identities of customers, tender sum, tender submission dates and results of tender.

The following table sets forth our tender success rates during the Track Record Period:

	Year ended 31 December			Eight months ended 31 August
	2014	2015	2016	2017
	<b>Structural steelworks, civil engineering construction, and fitting out and renovation works</b>			
Number of tenders submitted	35	23	35	28
Number of contracts awarded	21	7	10	17
Success rate (%)	60.0%	30.4%	28.6%	60.7%
<b>High voltage power substation construction and its system installation works</b>				
Number of tenders submitted	2	3	1	4
Number of contracts awarded	2	2	–	4
Success rate (%)	100.0%	66.7%	0.0%	100.0%
<b>Facilities management, alteration and maintenance works and services</b>				
Number of tenders submitted	4	9	12	7
Number of contracts awarded	4	5	10	5
Success rate (%)	100.0%	55.6%	83.3%	71.4%

---

*Note:* The tender success rate for a financial year/period is calculated based on the number of contracts awarded (whether awarded in the same financial year/period or subsequently) in respect of the tenders submitted during that financial year/period.

**Project preparation phase*****Contract signing***

If we are successful with our tender and the construction project is awarded to us, we will then enter into a contract with our customer based on our tender proposal and the notice of tender or contract award on a project-by-project basis. The principal terms of our construction contract typically include, among others, the construction period and completion milestones which varies according to the scale and complexity of the project, the scope of works or services to be provided, the technical specifications, the design and material specifications, the contract sum, price remeasurement or adjustment (if applicable), the performance bond, the retention fee, the payment terms and schedules, the defect liability period and the responsibilities of each parties. We may subsequently enter into variation orders with our customers if we are required to undertake works outside the original agreed scope of works or services.

***Project preparation***

Once the project is awarded to us, we will arrange for the necessary manpower resources, materials and machineries and equipment required, depending on the type, scale and complexity of the construction project we are undertaking.

In order to ensure that the project can be executed in an efficient and cost-effective manner, we set up a project team comprising such members who are selected based on their relevant qualifications, expertise and technical skills and industry experience for each construction project we undertake. Depending on the type of construction project and its scale and complexity, our project team typically consists of, among others, a project manager (in some cases a project director and/or senior project manager who is responsible for managing the responsibilities and roles of the project managers, should the size of the project require such appointment), project engineer, safety officer, site foreman and other personnel responsible for quality control, procurement of raw materials, machineries and equipment and subcontractors (if applicable). Our project team will then formulate a preliminary work plan for the project which contains the arrangements with suppliers of materials, machineries and equipment and/or subcontractors (if applicable), the deployment of labour and occupational health, safety and environmental plans for the project. We then proceed to hire the required personnel and procure the required materials and machineries and equipment from our suppliers and liaise with the relevant subcontractors for the subcontracted works or services to be provided in accordance with the work plan approved by our management team.

---

## BUSINESS

---

Each key member in the project team is charged with specific responsibilities, as set out below:

<b>Position</b>	<b>Responsibilities</b>
Project director/senior project manager	<ul style="list-style-type: none"><li>• Responsible for leading projects and coordinating the roles and responsibilities of project managers</li></ul>
Project manager	<ul style="list-style-type: none"><li>• Responsible for the overall planning and management of the project</li><li>• Select appropriate personnel, suppliers and subcontractors with reference to the relevant requirements as set out in the contracts</li><li>• Review the method statement to ensure appropriate precautionary measures are implemented prior to execution of works</li><li>• Coordinate and provide guidance to team members and workmen</li><li>• Attend meetings with suppliers and subcontractors</li><li>• Coordinate and attend progress meetings with customers</li><li>• Liaise with customers and their consultants, such as engineer consultants and architects</li><li>• Coordinate with project engineers on preparing construction cost estimation</li><li>• Review and submit payment application and final amounts prepared by project engineers</li><li>• Report to our management team on the progress of the project and any issues</li></ul>



---

## BUSINESS

---

<b>Position</b>	<b>Responsibilities</b>
Project engineer	<ul style="list-style-type: none"><li>• Responsible for the technical aspects of the project</li><li>• Design and review the construction plans</li><li>• Attend regular quality inspections and meetings with suppliers, subcontractors, customers and their consultants</li><li>• Procure new construction materials and technologies which are feasible for implementation in the project</li></ul>
Safety officer <sup>(Note)</sup>	<ul style="list-style-type: none"><li>• Responsible for overseeing the safety aspects of the project</li><li>• Ensure compliance of workers and subcontractors (if applicable) with the applicable safety laws and regulations, our safety instructions and guidelines</li><li>• Conduct safety training to workers and subcontractors (if applicable) on site</li></ul>
Site foreman	<ul style="list-style-type: none"><li>• Supervise workers and subcontractors (if applicable) on site</li><li>• Report to our project manager for the progress of the project and any issues</li></ul>
Site assistant	<ul style="list-style-type: none"><li>• Procure construction materials and check machineries and equipment and handtools on site to ensure that they are maintained in good conditions</li><li>• Conduct regular inspections to monitor the progress and quality of the project</li></ul>

---

*Note:* According to our Macau Legal Advisers, a qualified safety officer is required to work full time at a construction site with 100 workers or more in accordance with the laws of Macau. There is no statutory requirement for a construction site which has less than 100 workers. Our Group may however assign a safety officer at some of our construction sites that have less than 100 workers. As at the Latest Practicable Date, our Group had nine safety officers for overseeing the safety aspect of the projects.

---

## BUSINESS

---

Depending on the scale and complexity of the project, we may engage third party subcontractors to provide ancillary construction works and labour services, such as fitting out, landscaping, facade works, HVAC system, LV system, ELV system, P&D works, foundation works, LPG system and fire services works. Please refer to “Subcontractors” in this section for further details. Before commencement of our construction works, we are generally required to provide performance bonds to guarantee our performance under the contracts, which is not uncommon in our industry. In such cases, performance bonds will be issued to our customers by banks in amounts equal to, typically, 10% of the total contract sum, which will normally be released to us by our customers upon receipt of a practical completion certificate.

### **Project implementation phase**

#### *Project construction*

We commence works in accordance with the schedule and timeline as stipulated in our customers’ contract. Throughout the construction process, we hold regular coordination meetings and conduct interim inspections with our customers to assess the progress and quality of the project and ensure that we strictly adhere to the construction schedule and quality standard as stipulated in the contract and in compliance with all applicable statutory and regulatory requirements. Depending on the type, scale and complexity of our projects, most of our projects typically require approximately three months to three years to complete.

Depending on the terms and conditions of the contracts, our customers or their consultants may give instructions to vary the works required from us. Variation orders may include additions, modifications or cancellations of certain contract works. The value of the variation works is generally priced in accordance with the pre-agreed fee rate for variation works of a similar nature to those works as stated in the relevant contract of the project, and the total contract sum of the project is adjusted accordingly. If the variation order involves works which fall outside the scope of the relevant contract, a new fee pertaining to such variation works will have to be agreed. We also apply for progress payments for such variation orders during the course of the project. As such, the amount of revenue that we may derive from a project may be higher or lower than the original contract sum.

#### *Interim inspections*

We have implemented a set of project management, safety management and quality control procedures and perform our works in accordance with such procedures to ensure that we comply with the contractual and applicable legal requirements. During the construction process, we conduct on-site inspections. We hold monthly internal meeting to discuss issues relating to safety management and on-site performance. We also prepare inspection reports for our internal record in accordance with our quality control and safety management policies. Please refer to “Quality control and management” in this section for further details.

***Interim billings and payment***

Based on the amount of works completed, we submit to our customer interim payment application on a monthly basis or by milestones as stipulated in the relevant customer's contract detailing the amount and the value of our works done. Upon receiving our payment application, our customer or its consultant engineer or its authorised representative will examine our portion of works completed and will endorse our payment application or issue a payment certificate certifying the work progress after the examination. We will then issue invoices based on such payment certificate. Our customers will generally make payment to us within 30 to 90 days upon receipt of our invoice. We also apply the same billing and payment mechanism for the works done by our subcontractors. We generally pay our subcontractors on a monthly basis or by milestones as stipulated in the relevant subcontracting contract with reference to the value of works done by the subcontractors as certified by our project manager. We generally will make payment to our subcontractors within 30 to 45 days after receiving their invoice for certified value of the works completed.

**Project completion phase*****Project completion and delivery***

Upon completion of the construction works, in particular, structural steelworks, civil engineering construction, and fitting out and renovation works, our project team conducts a final inspection of the works. For our high voltage power substation construction and its system installation works projects, we usually form a consortium with the Power Projects Partner to undertake such projects and the consortium will carry out a thorough system testing and commissioning on site to ensure smooth operation of such system before our final inspection conducted with our customers. We submit a project completion report to our customers once the project passes our internal inspection. Our customers, or usually a consultant engineer engaged by our customers, will then conduct an overall inspection on the project. Any deficiencies found will be rectified during the project implementation phase. From time to time, we may be required by our customers to make certain modifications upon inspection. Upon passing the inspection, we will receive a practical completion certificate of our project issued by our customers and other parties involved in the inspection process for the purpose of certifying the completion and delivery of the project and arrange for the submission of as-built drawing to the relevant government authority for project completion and acceptance. The customer inspection and acceptance process generally requires approximately 15 to 60 days to complete. We will then settle our final accounts with our customer, excluding the retention fee. Our Directors confirm that during the Track Record Period, our Group had not experienced any material delays in project completion.

For facilities management, alteration and maintenance works and services projects, due to the nature of such services and works, we carry out regular repair and maintenance works and services and issue such regular reports to our customers throughout the contract period. Upon expiry of the contract period, we will then settle our final accounts with our customer.

---

## BUSINESS

---

### **Defect liability phase**

#### *Defect liability and retention fee*

We are generally required to undertake to repair or rectify any defects or sub-standard construction works or repair or replace items that fail to perform satisfactorily under our construction contracts. The defect liability period generally runs for a period of 12 to 24 months following the completion of the project, depending on the type of construction works we undertake. Our customers generally retain a retention fee equal to up to 5% of the total contract sum, which will generally be returned to us in full upon expiry of the defect liability period. During the Track Record Period, as we expect to be able to recover substantially all such retention fees, we did not make any provision for impairment loss on our retention receivables. In addition, we did not recognise any warranty expenses during the Track Record Period.

### **SALES AND MARKETING**

Our tendering team is responsible for our sales and marketing activities. Our tendering team possesses extensive experience and local knowledge in the construction industry in Macau. Our tendering team is also responsible for collecting market information, exploring and developing potential business opportunities with existing and new customers. During the Track Record Period, we secured new businesses mainly through direct invitations for tender by customers. In addition, we also made efforts to identify new bidding opportunities through public tender and bidding avenues. Our Directors consider that due to our reputation and proven track record, in particular, our ability to handle technically-challenging projects, and our relationship with our existing customers, we are able to leverage on our existing customer base and our reputation in the construction industry in Macau, such that we do not rely heavily on marketing activities other than liaising with existing and potential customers from time to time for relationship building and management purposes.

As at the Latest Practicable Date, we have established solid relationships with many of our customers for periods ranging from four to 11 years. During the Track Record Period, we incurred an insignificant amount of sales and marketing expenses, which mainly included costs incurred to maintain relationship with our Group's existing and potential customers and suppliers.

### **PRICING STRATEGIES**

We need to assess the project feasibility and conduct costing and pricing analysis to ensure that our tenders are competitive, and at the same time also profitable to our Group. Pricing of our projects is determined on a case-by-case basis having regard to various factors, which generally include, but not limited to, the nature and scale of the construction project, the scope of works to be performed, the design and specifications and quality standard required, the technical and material requirements, construction equipment and machineries employed, the manpower required, the project schedule and timeline, the availability of resources, the performance bonds and the risks and opportunities assessments as well as non-binding quotations from our subcontractors and suppliers. Please refer to "Our operation process – Tendering phase" in this section for further details of our tendering process.

---

## **BUSINESS**

---

We then prepare our tender proposal based on a certain percentage of markup over our estimated cost. The percentage of markup may vary from project to project, having taken into account factors including the nature and scale of the project, the prospect of obtaining future contracts from the customer, any potential positive publicity on our Group by undertaking the project, the pricing trend of raw materials, the amount of work to be undertaken by subcontractors, and the likelihood of any material deviation of the actual cost from our estimation having regard to the price trend of key cost components and the prevailing market conditions. Our Directors confirm that our Group had not experienced any material loss-making projects or costs overruns during the Track Record Period.

### **CUSTOMERS**

We are a renowned integrated construction engineering contractor and power substations constructor in Macau. The project owners of our projects are either public sector which includes the Macau government or other government agencies, tertiary education institutions, public hospitals, infrastructure, utilities or statutory bodies in Macau, or the private sector which includes property developers, hotel and resort operators and electricity providers.

During the Track Record Period, most of our major customers were located in Macau. Our Directors confirm that our Group had not experienced any material dispute with our customers during the Track Record Period.

## BUSINESS

### Major customers

The following table sets out certain details in relation to our top five customers for 2014:

Ranking	Customer	Background and principal business	Project type and location	Length of business relationship	Credit term	Payment method	Revenue	Percentage to total revenue	Major projects during the Track Record Period
							<i>MOP'000</i>	%	
1	Customer A	A developer, owner and operator of integrated entertainment resort facilities in Asia, whose shares are listed on the Nasdaq Stock Market with a market capitalisation of over US\$14 billion as at the Latest Practicable Date	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works in Cotai	11 years	30 days	Bank transfer	195,443	43.8	Projects 2, 3, 9 and 11
2	Customer B	A Macau established joint venture principally engaged in building construction, which is formed by two construction companies whose shares are listed on the Main Board of the Stock Exchange with a market capitalisation of over HK\$600 million and HK\$300 million respectively as at the Latest Practicable Date	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works in Cotai	5 years	30 days	Cheque	65,247	14.6	–
3	Customer C	The Power Projects Partner, a Hong Kong incorporated company, that is a subsidiary of a German company whose shares are listed on the Frankfurt Stock Exchange with a market capitalisation of over 100 billion Euro as at the Latest Practicable Date	(i) High voltage power substation construction and its system installation works; and (ii) facilities management, alteration and maintenance works and services in Macau	10 years	90 days	Bank transfer	50,199	11.2	Project 15
4	Customer D	A Macau incorporated public utility company with the sole concession to transmit, distribute and sell high, medium and low-voltage electricity in Macau	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works in Macau	10 years	60 days	Bank transfer	37,369	8.4	Projects 6, 8 and 10
5	Customer E	A public university in Macau	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works in Hengqin	5 years	90 days	Cheque	20,163	4.5	–
<b>Total</b>							368,421	82.5	

## BUSINESS

The following table sets out certain details in relation to our top five customers for 2015:

Ranking	Customer	Background and principal business	Project type and location	Length of business relationship	Credit term	Payment method	Revenue	Percentage to total revenue	Major projects during the Track Record Period
							<i>MOP'000</i>	%	
1	Customer F	A Hong Kong incorporated trading company principally engaged in structural engineering steelworks, which is a subsidiary of a company whose shares are listed on the Main Board of the Stock Exchange and Shanghai Stock Exchange with a market capitalisation of over HK\$30 billion as at the Latest Practicable Date	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works in Cotai	4 years	14 days	Cheque	151,255	27.8	Project 1
2	Customer G	A Macau incorporated construction company principally engaged in the provision of construction and renovation services	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works in Cotai	5 years	30 days	Cheque	106,958	19.7	Project 4
3	Customer C	The Power Projects Partner, a Hong Kong incorporated company, that is a subsidiary of a German company whose shares are listed on the Frankfurt Stock Exchange with a market capitalisation of over 100 billion Euro as at the Latest Practicable Date	(i) High voltage power substation construction and its system installation works; and (ii) facilities management, alteration and maintenance works and services in Macau	10 years	90 days	Bank transfer	86,483	15.9	Project 15
4	Customer B	A Macau established joint venture principally engaged in building construction, which is formed by two construction companies whose shares are listed on the Main Board of the Stock Exchange with a market capitalisation of over HK\$600 million and HK\$300 million respectively as at the Latest Practicable Date	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works in Cotai	5 years	30 days	Cheque	61,248	11.3	–
5	Customer A	A developer, owner and operator of integrated entertainment resort facilities in Asia, whose shares are listed on the Nasdaq Stock Market with a market capitalisation of over US\$14 billion as at the Latest Practicable Date	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works in Cotai	11 years	30 days	Bank transfer	53,298	9.8	Projects 2, 3, 9 and 11
<b>Total</b>							<u>459,242</u>	<u>84.5</u>	

## BUSINESS

The following table sets out certain details in relation to our top five customers for 2016:

Ranking	Customer	Background and principal business	Project type and location	Length of business relationship	Credit term	Payment method	Revenue	Percentage to total revenue	Major projects during the Track Record Period
							<i>MOP'000</i>	<i>%</i>	
1	Customer D	A Macau incorporated public utility company with the sole concession to transmit, distribute and sell high, medium and low-voltage electricity in Macau	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works in Macau	10 years	60 days	Bank transfer	163,843	35.2	Projects 6, 8 and 10
2	Customer F	A Hong Kong incorporated trading company principally engaged in structural engineering steelworks which is a subsidiary of a company whose shares are listed on the Main Board of the Stock Exchange and Shanghai Stock Exchange with a market capitalisation of over HK\$30 billion as at the Latest Practicable Date	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works in Cotai	4 years	14 days	Cheque	123,897	26.7	Project 1
3	Customer C	The Power Projects Partner, a Hong Kong incorporated company, that is a subsidiary of a German company whose shares are listed on the Frankfurt Stock Exchange with a market capitalisation of over 100 billion Euro as at the Latest Practicable Date	(i) High voltage power substation construction and its system installation works; and (ii) facilities management, alteration and maintenance works and services in Macau	10 years	90 days	Bank transfer	43,773	9.4	Project 15
4	Customer H	A Macau incorporated company carrying on design, supply and installation of curtain walls business, which is a subsidiary of a company whose shares are listed on the Main Board of the Stock Exchange with a market capitalisation of over HK\$2 billion as at the Latest Practicable Date	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works in Cotai	4 years	45 days	Cheque	26,759	5.8	–
5	Customer G	A Macau incorporated construction company principally engaged in the provision of construction and renovation services	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works in Cotai	5 years	30 days	Cheque	22,916	4.9	Project 4
<b>Total</b>							<u>381,188</u>	<u>82.0</u>	



## BUSINESS

The following table sets out certain details in relation to our top five customers for the eight months ended 31 August 2017:

Ranking	Customer	Background and principal business	Project type and location	Length of business relationship	Credit term	Payment method	Revenue	Percentage to total revenue	Major projects during the Track Record Period
							MOP'000	%	
1	Customer A	A developer, owner and operator of integrated entertainment resort facilities in Asia, whose shares are listed on the Nasdaq Stock Market with a market capitalisation of over US\$14 billion as at the Latest Practicable Date	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works in Cotai	11 years	30 days	Bank transfer	210,917	53.9	Projects 2, 3, 9 and 11
2	Customer C	The Power Projects Partner, a Hong Kong incorporated company, that is a subsidiary of a German company whose shares are listed on the Frankfurt Stock Exchange with a market capitalisation of over 100 billion Euro as at the Latest Practicable Date	(i) High voltage power substation construction and its system installation works; and (ii) facilities management, alteration and maintenance works and services in Macau	10 years	90 days	Bank transfer	48,292	12.3	Project 15
3	Customer I	A Macau incorporated company carrying on casino operations and investment holding business, which is a subsidiary of a company whose shares are listed on Main Board of the Stock Exchange with a market capitalisation of over HK\$40 billion as at the Latest Practicable Date	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works in Macau	2 years	51 days	Cheque	44,873	11.5	Projects 5 and 7
4	Customer D	A Macau incorporated public utility company with the sole concession to transmit, distribute and sell high, medium and low-voltage electricity in Macau	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) high voltage power substation construction and its system installation works in Macau	10 years	60 days	Bank transfer	24,429	6.2	Projects 6, 8 and 10
5	Customer J	A member of a construction group whose shares are listed on the Euronext Paris Exchange with a market capitalisation of over 10 billion Euro as at the Latest Practicable Date that is principally engaged in civil engineering and building works with operations in over 80 countries	(i) Structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) facilities management, alteration and maintenance works and services in Cotai	4 years	30 days	Cheque	21,225	5.4	–
<b>Total</b>							<u>349,736</u>	<u>89.3</u>	

---

## BUSINESS

---

During the Track Record Period,

- (a) the revenue generated from our top five customers collectively accounted for approximately 82.5%, 84.5%, 82.0% and 89.3% of our total revenue, respectively; and
- (b) the revenue generated from our largest customer accounted for approximately 43.8%, 27.8%, 35.2% and 53.9% of our total revenue, respectively.

To the best of our Directors' knowledge, during the Track Record Period and up to the Latest Practicable Date:

- (a) save for Customer A<sup>(Note)</sup>, all of our top five customers were Independent Third Parties;
- (b) none of our top five customers was also our supplier and/or subcontractor; and
- (c) save for King Dragon<sup>(Note)</sup>, none of our Directors, their respective close associates, nor any of our Shareholders holding more than 5% of our issued share capital had any interest (direct and indirect) in any of our top five customers.

---

*Note:* Customer A is owned as to approximately 51.22% by Melco International Development Limited, which is in turn owned as to 53.19% (including beneficial interest, interest of his controlled corporations and interest of a trust in which he is one of the beneficiaries and taken to have interest by virtue of the SFO) by Mr. Ho, who is a substantial Shareholder of our Company by virtue of his 100% interest in King Dragon (a substantial Shareholder of our Company). King Dragon will hold approximately 20.0% of the issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme). As such, upon the Listing, Customer A will become a connected person of our Company under the Listing Rules. Please refer to "Substantial Shareholders" of this prospectus for further details. During the Track Record Period, save for Customer A, Mr. Ho and King Dragon had no other interest in any of our top five customers.

### **Our business relationship with Customer A**

We have over 10 years of business relationship with Customer A. In April 2007, we were awarded our first structural steelworks project for a large scale integrated resort in Cotai by Customer A. Please refer to "History, Reorganisation and corporate structure – Our milestones" of this prospectus for further details.

---

## BUSINESS

---

During the Track Record Period, we were awarded all of our construction contracts from Customer A through competitive tendering. The following table sets out the tender success rates of our projects awarded by Customer A during the Track Record Period:

	Year ended 31 December			Eight months ended 31 August
	2014	2015	2016	2017
	Number of tenders submitted	6	–	11
Number of contracts awarded	5	–	5	11
Success rate	83.3%	N/A	45.5%	78.6%
Overall success rate (excluding Customer A)	62.9%	40.0%	40.5%	60.0%

*Note:* The tender success rate for a financial year/period is calculated based on the number of contracts awarded (whether awarded in the same financial year/period or subsequently) in respect of the tenders submitted during that financial year/period.

During the Track Record Period, our average gross margin derived from projects for Customer A was approximately 23.1%, and our average gross margin derived from projects for our other customers was approximately 22.0%.

During the Track Record Period, we undertook:

- (a) 17 structural steelworks, civil engineering construction, and fitting out and renovation works projects for Customer A, of which two had an awarded contract value of over MOP120 million each, and were ranked the second and third largest projects in terms of contract value amongst our top five structural steelworks, civil engineering construction, and fitting out and renovation works projects during the Track Record Period. Our services provided to Customer A included, among others, the supply and installation of the internal atrium package and exoskeleton for the world's first free-form exo-skeleton skyscraper luxury hotel, and providing structural, metal roofing system, landscape works, building service works and fitting out works for a new building at a hotel complex in a large scale integrated resort in Cotai;
- (b) one high voltage power substation construction and its system installation works project for Customer A in consortium with the Power Projects Partner, with an awarded contract value of approximately MOP99.3 million. Such project was ranked the third largest project in terms of contract value amongst our top five high voltage power substation construction and its system installation works projects during the Track Record Period. Our services provided to Customer A included, among others, civil construction and related works, such as site infrastructure, building services, provision of logistical arrangements, supply of certain materials and services, project management, design engineering and provision of tools and equipment for a 110/11kV substation; and

---

## BUSINESS

---

- (c) one facilities management, alteration and maintenance works and services project for Customer A with a contract value of approximately MOP123.5 million.

During the Track Record Period, Customer A was:

- (a) our largest customer in 2014, and the revenue generated from Customer A amounted to approximately MOP195.4 million and accounted for approximately 43.8% of our total revenue;
- (b) our fifth largest customer in 2015, and the revenue generated from Customer A amounted to approximately MOP53.2 million and accounted for approximately 9.8% of our total revenue;
- (c) not one of our top five customers in 2016, and the revenue generated from Customer A amounted to approximately MOP17.7 million and accounted for approximately 3.8% of our total revenue; and
- (d) our largest customer for the eight months ended 31 August 2017, and the revenue generated from Customer A amounted to approximately MOP210.9 million and accounted for approximately 53.9% of our total revenue.

Please refer to “Risk factors – Risks relating to our business – We are exposed to concentration risk of heavy reliance on our largest and top five customers” of this prospectus for further details.

We have also entered into certain transactions with Customer A which will continue after Listing and therefore constitute connected transactions under the Listing Rules, details of which are set out below:

- (a) our Group will continue to provide facilities management, alteration and maintenance works and services to certain subsidiaries of Customer A upon Listing. Our Directors estimate that the maximum revenue to be recognised in respect of these services will not exceed the aggregated annual caps of MOP50.2 million, MOP48.2 million, and MOP25.5 million for each of the years ending 31 December 2018, 2019 and 2020 respectively; and
- (b) our Group will continue to provide structural steelworks, civil engineering construction, and fitting out and renovation works to certain subsidiaries of Customer A upon Listing. Our Directors estimate that the maximum revenue to be recognised in respect of these works will not exceed the aggregated annual cap of MOP128.4 million for the year ending 31 December 2018.

Please refer to “Connected transactions – Overview – (B) Continuing connected transactions which are subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements” of this prospectus for further details.

Save for the transactions with Customer A, we have not entered into any transactions with Mr. Ho and his associates during the Track Record Period.

### Sustainability of our Group's business

During the Track Record Period, the revenue derived from Customer A accounted for approximately 43.8%, 9.8%, 3.8% and 53.9% of our total revenue, respectively. Our Directors consider that customer concentration in the construction industry in Macau is not uncommon, and that our Group's business model is sustainable despite such customer concentration due to the following factors:

- (i) the ranking and composition of our top five customers for each of the three financial years ended 31 December 2014, 2015 and 2016 and the eight months ended 31 August 2017 were substantially different. Our Directors are of the view that we did not place undue reliance on any particular one of them throughout the Track Record Period for revenue generation;
- (ii) we secured our projects during the Track Record Period primarily through a competitive tendering process (including those construction projects from Customer A) and contracts were awarded to us as a result of our ability to satisfy the assessment criteria under the respective tender documents;
- (iii) as we are an integrated construction engineering contractor and power substations constructor, we provide customised and target oriented construction services and undertake large scale construction projects and high voltage power substation projects and complement with our facilities management, alteration and maintenance works and services which distinguish ourselves from our competitors and make us more competitive when tendering for construction projects in the market;
- (iv) large scale construction or power substations projects in Macau are generally concentrated in the hands of a few major entities with ample financial capability and high expectation and requirements, such as Customer A. As such, if we decide to undertake projects with large contract sum from Customer A, Customer A may easily become one of our largest customers in terms of our revenue;
- (v) during the Track Record Period, due to the large size and contract sum of the construction projects undertaken by our Group for Customer A, a substantial portion of our revenue was attributable to such construction projects which we received progress payments by milestones, ranging from three months to two years;
- (vi) given that Customer A had long-standing business relationship with us for over 10 years, to maintain a good business relationship and to foster recurrent business, we would generally accept their demands for our services or works if we were awarded contracts under the tender process so far as our resources allowed, resulting in Customer A becoming one of our top customers; and

---

## BUSINESS

---

(vii) as set out in “Our business strategies” in this section, we plan to, among others, strengthen our leading market position in the construction industry in Macau and enhance our financial capabilities and to capture business opportunities. We are confident of our ability in securing new projects on a continuous basis in light of the growing construction market in Macau.

Based on the above factors and coupled with the competitive strengths of our Group as set out in “Our competitive strengths” in this section, our Directors are of the view that we are capable of carrying on our business independently of, and does not and will not rely on Customer A or Mr. Ho and his associates and that our business is sustainable.

Please refer to “Risk factors – Risks relating to our business – We are exposed to concentration risk of heavy reliance on our largest and top five customers” of this prospectus for further details.

### **Salient terms of project contracts with customers**

Our Group enters into contracts with customers on a project-by-project basis instead of entering into long-term contracts. Our Directors consider that such arrangement is in line with the industry practice in Macau. The terms of each project contract entered into between our Group and our customers may differ from contract to contract, but the salient terms of a typical project contract for each business streams are summarised below:

#### ***Salient terms of structural steelworks, civil engineering construction, and fitting out and renovation works contracts***

**Scope of work** : Our structural steelworks, civil engineering construction, and fitting out and renovation works contracts stipulate the scope of services together with the type of works to be carried out by us. The contracts may also include technical specifications and requirements set out by our customers.

**Duration of work** : Our contracts clearly set out the commencement date and completion date. The completion date may be extended from time to time pursuant to the terms of the contracts.

**Contract sum** : Our contracts in general stipulate a lump sum fixed contract sum for carrying out the whole of the works as specified therein, subject to any variation orders requested by our customers from time to time.

Apart from lump sum fixed contract sum, some of the structural steelworks, civil engineering construction, and fitting out and renovation works contracts also specify the agreed unit rates for specific item. Upon completion of the relevant works, the contract price to be paid by our customers is calculated based on the actual quantities of the specific item consumed onsite.

---

## BUSINESS

---

- Subcontracting** : Our contracts may not allow us to engage subcontractors without consent of our customers.
- Insurance** : We are generally responsible for obtaining the insurance in relation to professional indemnity, public liability, employee's compensation, physical damage and marine transportation, whereas our customers are responsible for obtaining contractors all risks policy and third party liability insurance.
- Performance bond** : Our customers generally require us to arrange with banks to provide our customers with performance bonds in the amount of 10% of the awarded contract sum to ensure our due performance and observance of the terms of the contracts.
- Payment terms** : For further details regarding the payment terms, please refer to "Customers – Credit policy" in this section.
- Defect liability period** : We are generally subject to a defect liability period of 12 months, during which we are responsible to carry out works for any defects or imperfection identified during the period.
- Retention fee** : Our customers will generally retain up to 5% of the awarded contract sum as retention fee. Part of the retention fees will be released upon issuance of practical completion certificate and the remaining balance of the retention fees will be fully released on the expiration of the defect liability period.
- Safety** : We are responsible for ensuring the safety of all our workers and are responsible for any costs and liabilities arising due to safety issues caused by us.
- Environmental protection** : We are required to comply with the statutory requirements in relation to environmental pollution.

***Salient terms of high voltage power substation construction and its system installation works contracts***

- Scope of work** : Our high voltage power substation construction and its system installation works contracts stipulate the scope of services together with the type of works to be carried out by us. The contracts may also include technical specifications and requirements set out by our customers.
- Duration of work** : Our contracts clearly set out the commencement date and completion date. The completion date may be extended from time to time pursuant to the terms of the contracts.

---

## BUSINESS

---

- Contract sum** : Our contracts in general stipulate a lump sum fixed contract sum for carrying out the whole of the works as specified therein, subject to any variation orders requested by the customers from time to time.
- Subcontracting** : Our contracts may not allow us to engage subcontractors without consent of our customers.
- Insurance** : We are generally responsible for obtaining the insurance in relation to all risk of loss, bodily harm, and damage to any third party or property and our workers.
- Performance bond** : Our customers generally require us to arrange with banks to provide our customers with performance bonds in the amount of 10% of the awarded contract sum to ensure our due performance and observance of the terms of the contracts.
- Payment terms** : For further details regarding the payment terms, please refer to “Customers – Credit policy” in this section.
- Defect liability period** : We are generally subject to a defect liability period ranging from one year to five years, during which we are responsible to carry out works for any defects or imperfection identified during the period.
- Retention fee** : Our customers may generally retain up to 5% of the awarded contract sum as retention fee. Part of the retention fees will be released upon issuance of take over certificate (or equivalent) and the remaining balance of the retention fees will be fully released upon issuance of the performance certificate.
- Safety** : We are responsible for ensuring the safety of all person on or in proximity of the relevant construction site, as well as for any costs and liabilities arising due to safety issues caused by us.
- Environmental protection** : We are required to comply with the statutory requirements and international standards regarding environmental protection, and to minimise environmental pollution.



---

## BUSINESS

---

### *Salient terms of facilities management, alteration and maintenance works and services contracts*

- Scope of work** : Our facilities management, alteration and maintenance works and services contracts stipulate the scope of services together with the type of works to be carried out by us. The contracts may also include technical specifications and requirements set out by our customers.
- Duration of work** : Our contracts clearly set out the date of commencement and date of completion.
- Contract sum** : Our contracts in general stipulate either a lump sum fixed contract sum or unit rate. Under the lump sum fixed price contract, we are required to execute all the specified details and quantities of works as stated in the contract at the fixed agreed price. With regard to the unit rate contracts, we are provided with a reference schedule showing items, brief description and quantities of works to be performed by us.
- Subcontracting** : Our contracts may not allow us to engage subcontractors without consent of our customers.
- Insurance** : We are generally responsible for obtaining the insurance in relation to our construction plant, machinery, material and equipment, whereas our customers are responsible for obtaining contractor's all risks insurance, employee's compensation insurance and third party liability insurance. For some contracts, we may be required by our customers to maintain contractor's all risks insurance, employees compensation insurance and third party liability insurance.
- Payment terms** : For further details regarding payment terms, please refer to "Customers – Credit policy" in this section.
- Defect liability period** : We may be subject to a defect liability period ranging from one year to three years, during which we are responsible to carry out works for any defects or imperfection identified during the period.
- Retention fee** : Our customers may retain up to 5% of the awarded contract sum as retention fee. Part of the retention fees will be released upon issuance of practical completion certificate and the remaining balance of the retention fees will be fully released upon issuance of the final completion certificate.

---

## BUSINESS

---

**Safety** : We are responsible for ensuring the safety of all workers, as well as for any costs and liabilities arising due to safety issues caused by us.

**Environmental protection** : We are required to comply with the statutory requirements in relation to environmental protection. Some contracts may require us to observe international good practices in the absence of statutory requirements.

### **Credit policy**

We generally submit monthly payment requests to our customers to obtain progress payments. For projects that are billed upon achieving key milestones, we submit payment requests to our customers once we meet the relevant key milestone. Our customer will verify the submission after we submit our payment request, and issue a payment certificate to us to certify the services performed or works completed by us. We will then issue an invoice to our customers following which we will collect payment from our customers.

Our customers will generally make payment to us within 0 to 90 days upon receipt of our invoice. As at 31 December 2014, 2015 and 2016 and 31 August 2017, our trade and retention receivables amounted to approximately MOP116.0 million, MOP126.3 million, MOP91.8 million and MOP83.4 million, respectively, while our average trade receivables turnover days were approximately 55.1 days, 74.3 days, 73.2 days and 44.2 days during the Track Record Period, respectively. Please refer to “Financial information – Discussion of selected balance sheet items – Debtors, deposits and prepayments” of this prospectus for further discussion of our trade and retention receivables and average trade receivables turnover days. Please refer to note 28b in the Accountants’ Report in Appendix I to this prospectus for further details of our credit risks.

We review our overdue trade and retention receivables regularly, and when appropriate, provide for impairment of our trade and retention receivables. During the Track Record Period, we had not made any provision for impairment of loss on our trade and retention receivables.

## **RAW MATERIALS, MACHINERIES AND EQUIPMENT**

### **Raw materials**

Depending on the type of project awarded, we may order a variety of construction materials during our construction process. Our principal raw materials primarily include steel, fabricated steel, metal, power systems, cement, and fitting out materials such as pipes, wires, and cables. During the Track Record Period, our material costs amounted to approximately MOP80.4 million, MOP148.6 million, MOP136.2 million and MOP45.7 million, respectively, representing approximately 23.7%, 35.9%, 37.1% and 14.5% of our total cost of services, respectively. We procure our raw materials mainly from suppliers in Macau, Hong Kong and the PRC.

---

## BUSINESS

---

As most of our principal raw materials are the fundamental and necessary materials in all construction activities, they are widely and readily available in the open market. We do not anticipate significant difficulties in obtaining alternative sources of supply, if necessary. During the Track Record Period, we did not experience any significant shortage of construction materials causing material disruption to our works. Our Directors believe that the supply of construction materials we usually use in our projects is stable and sufficient in the market. For sensitivity analysis of the impact in relation to changes in our cost of raw materials, please refer to “Financial information – Sensitivity and breakeven analysis” of this prospectus for further details.

Owing to the nature of the construction business and the fact that most of our raw materials are widely and readily available in the open market, our construction materials are purchased and consumed on a project-by-project basis according to project specifications and therefore we did not maintain any inventories as at each of the reporting dates or otherwise.

### Machineries and equipment

Our Group relies on the use of machineries and equipment to enable us to carry out our construction works and ancillary services. Accordingly, we maintain a broad range of machineries and equipment which mainly consists of cranes, heavy duty tower cranes, crane truck, trucks, excavators, fork lift, man hoist, shear stud guns and hydraulic breaker. To control our costs, we generally purchase machineries and equipment that are needed to fulfil our daily minimum requirements. From time to time we may hire extra machineries which are needed in order to undertake large projects. We believe that this leads to a high utilisation rate of our machineries and equipment.

The following table sets out a breakdown of the number of units of major machineries and equipment owned by us as at the dates indicated:

	As at 31 December			As at 31 August
	2014	2015	2016	2017
	<i>Number of units</i>	<i>Number of units</i>	<i>Number of units</i>	<i>Number of units</i>
Cranes	2	2	3	3
Heavy duty tower cranes	–	–	–	2
Crane truck	–	1	1	1
Trucks	3	3	3	3
Excavators	3	4	4	4
Fork lift	1	1	1	1
Man hoist	–	–	1	1
Shear stud guns	4	5	5	5
Hydraulic breaker	1	1	1	1
<b>Total</b>	<b>14</b>	<b>17</b>	<b>19</b>	<b>21</b>

---

## BUSINESS

---

The following table sets out a breakdown of the value of our major machineries and equipment by different age group as at 31 August 2017:

	<b>Number of units of machinery and equipment</b>	<b>Carrying value of machinery and equipment</b>	<b>Original cost of machinery and equipment</b>
	<i>Number of units</i>	<i>MOP'000</i>	<i>MOP'000</i>
Less than one year	3	10,257	11,866
More than one year and less than three years	12	5,076	10,395
More than three years and less than five years	4	190	1,438
Five years or above	2	–	321
<b>Total</b>	<b>21</b>	<b>15,523</b>	<b>24,020</b>

As at 31 August 2017, the total carrying value of our major machineries and equipment amounted to approximately MOP15.5 million, which was included in our plant and machinery and motor vehicles of our property, plant and equipment as non-current assets in our consolidated statements of financial position. Our Group normally performs our machineries and equipment count once a year.

The following table sets out the expected useful life, average remaining useful life and average age of our major machineries and equipment as at 31 August 2017:

	<b>Expected useful life</b>	<b>Average remaining useful life</b>	<b>Average age</b>
	<i>Years</i>	<i>Years</i>	<i>Years</i>
Cranes	5.0	2.8	2.2
Heavy duty tower cranes	5.0	4.4	0.6
Crane truck	5.0	2.7	2.3
Trucks	5.0	0.2	4.8
Excavators	5.0	1.1	3.9
Fork lift	5.0	2.2	2.8
Man hoist	5.0	4.1	0.9
Shear stud guns	5.0	2.4	2.6
Hydraulic breaker	5.0	1.3	3.7

---

## BUSINESS

---

Our Directors believe our fleet of machineries and equipment enhances our ability to compete for and carry out sizeable and more complex construction works and ancillary services contracts in Macau, in particular, for those projects that may require certain specialised type of machinery and equipment. Our plant operations and maintenance team is responsible for the maintenance and repair of our machineries and equipment. Each machinery and equipment therein is tested and inspected for operational safety by the registered engineers recognised by the government authorities before it is allowed entry into the building site. We conduct periodic inspections, repairs and audits of our machineries and equipment. We also typically provide on-site trainings to our employees before they are allowed to operate such machineries and equipment.

Prior to committing ourselves to any significant investment in machineries and equipment, our Directors would assess the costs and benefits of such investment and alternative options, including rental of machineries and equipment from external parties. When determining whether to lease or purchase certain machineries or equipment, we usually take the following factors into consideration, including (i) the purchasing costs; (ii) leasing expenses; (iii) utilisation rates; (iv) estimated useful lives; (v) maintenance and repair needs; (vi) ad hoc or on-going requirement of the projects; and (vii) availability of the machineries in the market. In this connection, our Directors confirm that our Group may occasionally lease a particular machinery and equipment from an economic point of view when this machinery and equipment is available for leasing at a favourable price; or when our use of such machinery and equipment is for an ad hoc task or project and/or for testing of the functionality of such machinery and equipment before we acquire the same for long term use.

We also lease certain machineries and equipment for our construction projects. The major types of machineries and equipment leased by our Group during the Track Record Period were cranes, aerial working platforms, articulating boom lifts, and electric self-propelled scissor lifts. For the leased machineries and equipment, the leasing companies are responsible for the repair and maintenance during the leasing period.

During the Track Record Period, our Group acquired machineries and equipment in the sum of approximately MOP7.9 million, MOP2.4 million, MOP1.1 million and MOP11.4 million, respectively, and incurred leasing expenses on machineries and equipment of approximately MOP5.0 million, MOP14.3 million, MOP8.1 million and MOP3.4 million, respectively.

## SUPPLIERS

Our suppliers include raw materials suppliers and equipment and machinery suppliers. We consider that it is commercially beneficial to maintain a stable and close business relationship with our suppliers.

Unless our customers require us to source raw materials from specified suppliers, we usually select suppliers from our list of qualified suppliers based on, among others, their respective track records, quality of their materials, delivery time periods, and the prices quoted

## BUSINESS

by the suppliers from time to time. We generally order the relevant construction materials and services on a project-by-project basis given most construction materials are widely and readily available in the open market. We generally do not enter into any long-term supply agreements with our suppliers.

We maintain a list of qualified suppliers of different specialities whom we have procured from in the past. We review and update such list from time to time. As at the Latest Practicable Date, we maintained 199 qualified suppliers on such list. We generally obtain price quotations from at least three suppliers of the same type and compare the pricing and the terms offered by such suppliers before we place orders. We select our qualified raw materials suppliers based on various criteria, including their proven track records with our customers and us, quality, timely delivery. During the Track Record Period, we purchased our raw materials from suppliers primarily from Macau, Hong Kong and the PRC, and procured most of our machineries and equipment from Macau and Hong Kong unless otherwise specified by our customers. We procure our construction materials and machineries and equipment on a project-by-project basis according to the specific requirements of our customers.

### Major suppliers

The following table sets out certain details in relation to our top five suppliers for 2014:

Ranking	Supplier	Background and principal business	Products supplied/ services provided	Length of business relationship	Credit term	Payment method	Purchases <i>MOP'000</i>	Percentage to total purchases %
1	Supplier A	A PRC registered company principally engaged in structural steel fabrication which is a subsidiary of a company whose shares are listed on the Shenzhen Stock Exchange	Steel	11 years	On demand	Bank transfer	14,488	10.6
2	Macao Modern Environmental Protection Technology Company Limited	A Macau incorporated company principally carrying on the business of operating a PRC metal fabrication factory	Steel	5 years	45 days	Cheque	8,276	6.1
3	Supplier C	A Hong Kong incorporated company principally engaged in the supply of steel	Steel	4 years	30 days	Bank transfer	5,039	3.7
4	Supplier D	A Hong Kong incorporated company principally engaged in the supply of sports and recreational facilities equipment	Equipment	4 years	On demand	Bank transfer	4,290	3.1
5	Supplier E	A PRC registered company principally engaged in the steel fabrication business	Steel	4 years	On demand	Bank transfer	3,154	2.3
<b>Total</b>							<u>35,247</u>	<u>25.8</u>

## BUSINESS

The following table sets out certain details in relation to our top five suppliers for 2015:

Ranking	Supplier	Background and principal business	Products supplied/ services provided	Length of business relationship	Credit term	Payment method	Purchases	Percentage to total purchases
							<i>MOP'000</i>	%
1	Macao Modern Environmental Protection Technology Company Limited	A Macau incorporated company principally carrying on the business of operating a PRC metal fabrication factory	Steel	5 years	45 days	Cheque	22,218	9.8
2	Supplier A	A PRC registered company principally engaged in structural steel fabrication which is a subsidiary of a company whose shares are listed on the Shenzhen Stock Exchange	Steel	11 years	On demand	Bank transfer	19,210	8.5
3	Supplier F	A Macau incorporated company principally engaged in the structural steel fabrication business	Steel	3 years	On demand	Bank transfer	15,936	7.1
4	Supplier G	A Macau incorporated company principally engaged in the steel fabrication business	Steel	4 years	30 days	Cheque	13,895	6.2
5	Supplier H	A Hong Kong incorporated company principally engaged in the business of distribution of electrical apparatus and equipment wiring supplies	Cable	4 years	60 days	Bank transfer	9,593	4.2
<b>Total</b>							80,852	35.8

## BUSINESS

The following table sets out certain details in relation to our top five suppliers for 2016:

Ranking	Supplier	Background and principal business	Products supplied/ services provided	Length of business relationship	Credit term	Payment method	Purchases <i>MOP'000</i>	Percentage to total purchases %
1	Supplier I	A Hong Kong incorporated company principally engaged in the provision of air-conditioning and ventilation systems, home appliances, elevators and escalators which is a subsidiary of a leading global power generation solutions provider whose shares are listed on the Tokyo Stock Exchange	Power equipment	4 years	45 days	Bank transfer	38,775	17.8
2	Supplier F	A Macau incorporated company principally engaged in the structural steel fabrication business	Steel	3 years	On demand	Bank transfer	22,253	10.2
3	Supplier G	A Macau incorporated company principally engaged in the steel fabrication business	Steel	4 years	30 days	Cheque	14,978	6.9
4	Supplier J	A Macau incorporated company, which is a subsidiary of a Taiwan trading company	Steel and metal doors	4 years	45 days	Cheque	12,360	5.7
5	Supplier K	A Hong Kong incorporated company which is principally engaged in the manufacturing and trading of switchgear and other electronic components	Electronic components	3 years	30 days	Bank transfer	4,541	2.1
<b>Total</b>							<u>92,907</u>	<u>42.7</u>



## BUSINESS

The following table sets out certain details in relation to our top five suppliers for the eight months ended 31 August 2017:

Ranking	Supplier	Background and principal business	Products supplied/ services provided	Length of business relationship	Credit term	Payment method	Purchases <i>MOP'000</i>	Percentage to total purchases %
1	Supplier L	A PRC registered company principally engaged in the supply of steel	Steel	3 years	14 days	Bank transfer	17,981	16.7
2	Supplier J	A Macau incorporated company, which is a subsidiary of a Taiwan trading company	Steel and metal doors	4 years	45 days	Cheque	15,173	14.1
3	Supplier M	A Macau incorporated company principally engaged in the trading of fire safety doors and wooden doors	Steel fire safety doors	2 years	On demand	Cheque	5,674	5.2
4	Supplier N	A Macau incorporated company principally engaged in the leasing of crane trucks and disposal of construction waste	Disposal of construction waste	2 years	30 days	Cheque	1,118	1.0
5	Supplier O	A Macau incorporated company principally engaged in the trading of hardware	General hardware	1 year	On demand	Cheque	1,048	1.0
<b>Total</b>							<u>40,994</u>	<u>38.0</u>

During the Track Record Period:

- (a) the purchases from our top five suppliers collectively accounted for approximately 25.8%, 35.8%, 42.7% and 38.0% of our total purchases, respectively;
- (b) the purchases from our largest supplier accounted for approximately 10.6%, 9.8%, 17.8% and 16.7% of our total purchases, respectively; and
- (c) our average trade payables turnover days were approximately 66.3 days, 60.3 days, 37.4 days and 37.0 days, respectively.

To the best of our Directors' knowledge, during the Track Record Period and up to the Latest Practicable Date:

- (a) save for Macao Modern Environmental Protection Technology Company Limited, all of our top five suppliers were Independent Third Parties. Macao Modern Environmental Protection Technology Company Limited is held as to 50% by each of Mr. Kuok and Mr. Sou, both being our executive Directors and Controlling Shareholders. As such, Macao Modern Environmental Protection Technology Company Limited, being an associate of each of Mr. Kuok and Mr. Sou, will become a connected person of our Company under the Listing Rules upon the Listing;
- (b) none of our top five suppliers was also our customer;

---

## BUSINESS

---

- (c) save for Mr. Kuok and Mr. Sou, both our executive Directors and shareholders of MECOM Holding, none of our Directors, their respective close associates, nor any of our Shareholders holding more than 5% of our issued share capital or any of our subsidiaries, or any of their respective associates, had any interest (direct and indirect) in any of our top five suppliers.

### **Salient terms of our supply contracts**

During the Track Record Period, we did not enter into any long-term agreements with our suppliers and only entered into written contracts with our suppliers on a project-by-project basis which is in line with industry practice. The salient terms of our supply contracts are summarised as follows:

<b>Materials/machineries/ equipment specification</b>	:	A description of the materials/machineries/equipment required, including the type, quantity, size and technical specification of materials/machineries/equipment.
<b>Delivery, inspection and performance</b>	:	Raw materials/machineries/equipment are generally delivered by our suppliers to the construction sites designated by us.
<b>Pricing and price adjustment</b>	:	The price of the materials/machineries/ equipment are determined by a unit price and the total volume purchased. Some of our suppliers require payment of a deposit upon signing the supply contract, while some do not require a deposit.
<b>Payment schedule</b>	:	Generally, payments for the purchases are to be made within 30 to 45 days upon delivery to the construction or works site.
<b>Warranty period</b>	:	Some suppliers are required to provide warranty period of materials supplied. For example, our steel structure suppliers are required to provide a warranty period of one year after completion and issuance of practical completion certificate, during which such steel structure suppliers are responsible for reworks, maintenance and the associated costs on their steel structure work done.

**SUBCONTRACTORS**

A majority of the construction workers in our construction sites are directly employed by us. We may delegate certain ancillary construction services to subcontractors, depending on the scale and complexity of a particular project such as fitting out, landscaping, facade works, HVAC system, LV system, ELV system, P&D works, foundation works, LPG system and fire service works. We select our subcontractors from our approved list of qualified subcontractors for different types of works, and such list is reviewed and updated on a regular basis. As at the Latest Practicable Date, we maintained 203 qualified subcontractors on such list. We generally compare the quotations provided by at least three of our qualified subcontractors before engaging our subcontractors. We select our subcontractors based on various criteria, including relationship with us, price, quality, management team, labour resources, relationship with our customers and familiarity with the relevant construction sites. We generally try to engage different subcontractors for different types of projects to minimise concentration risk and reduce reliance on a particular subcontractor or a small group of subcontractors. During the Track Record Period, our subcontracting costs amounted to approximately MOP205.5 million, MOP189.4 million, MOP151.5 million and MOP205.2 million, respectively, representing approximately 60.7%, 45.9%, 41.2% and 65.1% of our total cost of services, respectively. Our Directors confirm that our Group had not experienced any material dispute with our subcontractors during the Track Record Period.

## BUSINESS

### Major subcontractors

The following table sets out certain details in relation to our top five subcontractors for 2014:

Ranking	Subcontractor	Background and principal business	Location	Subcontracted works/services provided	Length of business relationship	Credit term	Payment method	Subcontracting costs	Percentage to total subcontracting costs
								<i>MOP'000</i>	%
1	Subcontractor A	Macau incorporated company principally engaged in construction services, on site works, exterior decoration and maintenance business	Macau	Metal and façade works	7 years	30 days	Cheque	30,877	14.2
2	Subcontractor B	A Macau incorporated company principally engaged in the civil engineering business and the design, installation and testing of power systems	Macau	HV works installation	4 years	30 days	Cheque	20,668	9.5
3	Subcontractor C	A Macau sole proprietorship principally engaged in the builder's works business	Macau	Builder's works	4 years	On demand	Cheque	18,586	8.6
4	Subcontractor D	A Macau incorporated company principally engaged in the fitting out services, maintenance and project management services	Macau	Fitting out	4 years	On demand	Cheque	16,849	7.8
5	Companhia De Obras Kai Son (Macau) Limitada	A Macau incorporated company principally engaged in the civil engineering, fitting out services, point jobs and electrical works	Macau	Civil engineering and fitting out	6 years	45 days	Cheque	14,698	6.8
<b>Total</b>								101,678	46.9

## BUSINESS

The following table sets out certain details in relation to our top five subcontractors for 2015:

Ranking	Subcontractor	Background and principal business	Location	Subcontracted works/services provided	Length of business relationship	Credit term	Payment method	Subcontracting costs	Percentage to total subcontracting costs
								<i>MOP'000</i>	%
1	Subcontractor B	A Macau incorporated company principally engaged in the civil engineering business and the design, installation and testing of power systems	Macau	HV works installation	4 years	30 days	Cheque	32,331	16.9
2	Subcontractor F	A Macau incorporated company principally engaged in the steel structure engineering business	Macau	Structural steel erection	4 years	45 days	Cheque	27,536	14.4
3	Subcontractor A	A Macau incorporated company principally engaged in construction services, on site works, exterior decoration and maintenance business	Macau	Metal and façade works	7 years	30 days	Cheque	23,307	12.2
4	Lei Mang Engineering Company Limited	A Macau incorporated company principally engaged in the construction engineering and consultation engineering design services business	Macau	HV works consultancy	4 years	45 days	Cheque	10,600	5.5
5	Kingtec E&M Engineering	A Macau sole proprietorship principally engaged in the construction engineering and consultation engineering design services business	Macau	Electrical works installation	5 years	45 days	Cheque	10,188	5.3
<b>Total</b>								103,962	54.3

## BUSINESS

The following table sets out certain details in relation to our top five subcontractors for 2016:

Ranking	Subcontractor	Background and principal business	Location	Subcontracted works/services provided	Length of business relationship	Credit term	Payment method	Subcontracting costs	Percentage to total subcontracting costs
								<i>MOP'000</i>	%
1	Subcontractor B	A Macau incorporated company principally engaged in the civil engineering business and the design, installation and testing of power systems	Macau	HV works installation	4 years	30 days	Cheque	20,952	14.9
2	Subcontractor F	A Macau incorporated company principally engaged in the steel structure engineering business	Macau	Structural steel erection	4 years	45 days	Cheque	20,536	14.6
3	Subcontractor C	A Macau sole proprietorship principally engaged in the builder's works business	Macau	Builder's works	4 years	On demand	Cheque	17,480	12.4
4	Subcontractor I	A Macau incorporated company principally engaged in the construction engineering consultancy business	Macau	HV works consultancy	3 years	60 days	Cheque	13,868	9.9
5	Lei Mang Engineering Company Limited	A Macau incorporated company principally engaged in the construction engineering and consultation engineering design services business	Macau	HV works consultancy	4 years	45 days	Cheque	12,810	9.1
<b>Total</b>								85,646	60.9

## BUSINESS

The following table sets out certain details in relation to our top five subcontractors for the eight months ended 31 August 2017:

Ranking	Subcontractor	Background and principal business	Location	Subcontracted works/services provided	Length of business relationship	Credit term	Payment method	Subcontracting costs	Percentage to total subcontracting costs
								<i>MOP'000</i>	%
1	Sieger Facilities Management Limited	A Macau incorporated company principally engaged in the high-voltage electricity and building services installation, repair and maintenance business	Macau	HV maintenance	2 years	45 days	Cheque	21,905	10.7
2	Subcontractor A	A Macau incorporated company principally engaged in construction services, on site works, exterior decoration and maintenance business	Macau	Metal and façade works	7 years	30 days	Cheque	18,677	9.1
3	Lei Mang Engineering Company Limited	A Macau incorporated company principally engaged in the construction engineering and consultation engineering design services business	Macau	HV works consultancy	4 years	45 days	Cheque	9,856	4.8
4	Kappa Electrical and Mechanical Engineering Company Limited	A Macau incorporated company principally engaged in the electricity, machinery and high-voltage power installation and test engineering services business	Macau	HV works consultancy	1 year	30 days	Cheque	7,479	3.6
5	Hytech Engineering & Materials Co. Ltd.	A Macau incorporated company principally engaged in the provision of painting and coating services business	Macau	Building materials application works	3 years	On demand	Cheque	7,377	3.6
<b>Total</b>								65,294	31.8

---

## BUSINESS

---

During the Track Record Period:

- (a) the subcontracting costs charged by our top five subcontractors collectively accounted for approximately 46.9%, 54.3%, 60.9% and 31.8% of our total subcontracting costs, respectively;
- (b) the subcontracting costs charged by our largest subcontractor accounted for approximately 14.2%, 16.9%, 14.9% and 10.7% of our total subcontracting costs, respectively; and
- (c) our average trade payables turnover days were approximately 66.3 days, 60.3 days, 37.4 days and 37.0 days, respectively.

To the best of our Directors' knowledge:

- (a) During the Track Record Period:
  - a. save for Companhia De Obras Kai Son (Macau) Limitada<sup>(Note 1)</sup>, Lei Mang Engineering Company Limited<sup>(Note 2)</sup>, Kingtec E&M Engineering<sup>(Note 3)</sup>, Kappa Electrical and Mechanical Engineering Company Limited<sup>(Note 4)</sup>, Sieger Facilities Management Limited<sup>(Note 5)</sup> and Hytech Engineering & Materials Co. Ltd.<sup>(Note 6)</sup>, all of our top five subcontractors were Independent Third Parties;
  - b. save for Mr. Kuok and Mr. Sou, both our executive Directors and Controlling Shareholders and Mr. Lam, a Controlling Shareholder, none of our Directors, their respective close associates, nor any of our Shareholders holding more than 5% of our issued share capital or any of our subsidiaries, or any of their respective associates, had any interest (direct or indirect) in any of our top five subcontractors; and
  - c. none of our top five subcontractors were also our customers.

*Note 1:* Companhia De Obras Kai Son (Macau) Limitada was held as to 50% by Mr. Lam, who is a member of our senior management and a Controlling Shareholder. Mr. Lam reduced his shareholding in Companhia De Obras Kai Son (Macau) Limitada to 5% in June 2017.

*Note 2:* Lei Mang Engineering Company Limited was held as to 50% by each of a senior manager of our Group and Mr. Kuok Wai Hang, son of Mr. Kuok, our executive Director and a Controlling Shareholder. Mr. Kuok Wai Hang disposed his shareholding in Lei Mang Engineering Company Limited to an Independent Third Party in July 2017.

*Note 3:* Kingtec E&M Engineering is a sole proprietorship of the brother-in-law of Mr. Sou, who is our executive Director and a Controlling Shareholder.

*Note 4:* Kappa Electrical and Mechanical Engineering Company Limited was held as to 40% by Mr. Sou, our Executive Director and a Controlling Shareholder. Mr. Sou disposed his shareholding in Kappa Electrical and Mechanical Engineering Company Limited to an Independent Third Party in July 2017 as he wished to commit and focus his efforts on the operations of our Group. To the best of Mr. Sou's knowledge, information and belief, during the Track Record Period and up to the date of Mr. Sou's disposal of his interests in Kappa Electrical and Mechanical Engineering Company Limited, it was not involved in any material non-compliance incidents.



---

## BUSINESS

---

*Note 5:* Sieger Facilities Management Limited was owned as to 40% by Mr. Sou, our Executive Director and a Controlling Shareholder. Mr. Sou disposed his shareholding in Sieger Facilities Management Limited to an Independent Third Party in July 2017 as he wished to commit and focus his efforts on the operations of our Group. To the best of Mr. Sou's knowledge, information and belief, during the Track Record Period and up to the date of Mr. Sou's disposal of his interests in Sieger Facilities Management Limited, it was not involved in any material non-compliance incidents.

*Note 6:* Hytech Engineering & Materials Co. Ltd. was owned as to 60% by Mr. Lam, who is a member of our senior management and a Controlling Shareholder, and 40% by a senior manager of our Group. Mr. Lam disposed his shareholding in Hytech Engineering & Materials Co. Ltd. as to 55% and 5% to such senior manager of our Group and the spouse of such senior manager respectively, in July 2017.

(b) As at the Latest Practicable Date:

- a. save for Kingtec E&M Engineering, all of our top five subcontractors were Independent Third Parties; and
- b. none of our top five subcontractors were also our customers.

### **Salient terms of our subcontracting contracts**

In line with the usual practice of the industry, we generally do not enter into any long-term agreements with any of our subcontractors.

The terms of our subcontracting arrangements with subcontractors may vary in accordance with the requirements of individual project. The salient terms included in most of our subcontracting contracts are summarised as follows:

- |   |   |  |
|---|---|--|
| <b>Scope of work and responsibilities</b> | : | Our subcontracting contracts contain the scope of work for the subcontracted works. We generally require our subcontractors to adhere to our customers' technical requirements (if any). We usually do not allow our subcontractors to further subcontract our works without our prior consent.  |
| <b>Subcontracting fee</b>                 | : | Our subcontracting contracts are usually fixed-price contracts. No adjustment on the subcontracting fee will be made.  |
| <b>Payment schedule</b>                   | : | Typically, we make payments with reference to the progress of individual projects and require our subcontractors to submit their payment applications on or before 25th day of each month. We will review the relevant payment applications within 30 to 90 days after the date of submission of the payment application and settle the payment within 15 days thereafter. |

---

## BUSINESS

---

- Retention fee** : We may withhold up to 10% of the total contract sum as retention fee. Our subcontractors generally receive the retention fee upon the issuance of the completion certificate in respect of the relevant projects.
- Defect liability period** : We generally require a defect liability period of 12 to 24 months from our subcontractors, during which our subcontractors are responsible for rectifying all work defects identified by us or our customers.
- Termination clause** : We may terminate the subcontracting contracts if:
- (i) the subcontractor cannot complete the subcontracted works in accordance with the agreed schedule and has delayed for more than seven days;
  - (ii) the subcontractor refuses to follow the instructions of our site manager repeatedly and fails to carry out rectifications after receiving oral and written warnings; or
  - (iii) the subcontractor suspends work for more than three days without reasonable excuse.

### **Control over subcontractors**

In order to monitor the performance of our subcontractors and to ensure their compliance with the terms of the subcontracting contracts and the relevant laws, rules and regulations in Macau, we have put in place the following risk management and control measures in both the tendering stage as well as the construction stage of our construction projects:

- (1) at the tendering stage, we require subcontractors to provide the programme, labour and plant forecast together with submission and material delivery schedule to ensure that the subcontractors can deliver as agreed;
- (2) at the construction stage,
  - (a) we require subcontractors to provide to us the labour forecast schedule and material forecast schedule for us to monitor material delivery and labour resources;
  - (b) we conduct daily/weekly coordination meeting to resolve disputes;
  - (c) we assign key staff to liaise and monitor individual subcontractors daily;
  - (d) we require our subcontractors not to employ illegal workers;

---

## BUSINESS

---

- (e) we require our subcontractors to indemnify us in case of breach of labour laws in Macau by subcontractors which may subject us to liability issues by setting out expressly in our subcontracting contracts; and
  - (f) we require our subcontractors to indemnify us in case of subcontractors' negligence which may subject us to any liability issues in relation to construction workers' injuries;
- (3) at the completion stage, we conduct regular progress and coordination meetings to monitor the services provided after the completion of physical work.

### CONSORTIUM ARRANGEMENT

For our high voltage power substation construction and its system installation works, in accordance with the industry practice in Macau, we generally form a consortium with the Power Projects Partner to create synergy by combining our resources, expertise and experience of the parties to bid the tenders and undertake the works on a project-by-project basis. In consortium with the Power Projects Partner, we are able to provide a one-stop “design, build, operate and maintain” turnkey solutions to our customers, which consist of substation/system planning and design, preparation of feasibility studies, tender preparation and evaluation, procurement of materials, equipment, machineries, expertise and manpower, construction and commissioning by installation of foundation, footing, steel structure and overhead and underground wires and cables and operations and maintenance support in our high voltage power substation construction and its system installation works, in order to meet the customers' technical and commercial needs and regulatory requirements.

#### Salient terms of our consortium arrangement

We have not entered into long-term agreements with the Power Projects Partner and we enter into separate consortium agreements, with the Power Projects Partner to form a consortium to bid for high voltage power substation construction tenders and undertake the works on a project-by-project basis, which is in line with the usual practice of the industry.

The terms of our consortium agreements may vary in accordance with the requirements of individual projects. The salient terms of most of our consortium agreements with the Power Projects Partner are summarised below:

**Consortium formation** : The objective and name of the consortium, identity of customer, and the project in question are set out in our consortium agreement.

---

## BUSINESS

---

**Scope of supplies and services** : Each consortium agreement sets out the scope of supplies and services allocated to each party of the consortium according to the requirements set out in tender document of the project.

The Power Projects Partner is generally responsible for providing, among other things, designing, engineering, manufacturing, factory acceptance testing, delivery to site, erection and commissioning of the high voltage core electrical equipment for the high voltage substation (e.g. switchgears, transformers, reactors, batteries and chargers, etc).

Our Group is generally responsible for, among other things, carrying out all civil construction works of the high voltage power substation, including designing and/or procuring the design of the substation, preparation of feasibility studies, procuring materials, equipment, machineries, manpower, and the construction and commissioning of the buildings and structures that house the high voltage substation equipment.

**Subcontracting** : Each party may subcontract part of but not the whole of its share of the work allocated to it, subject to any terms stipulated with the customer.

**Duration** : The consortium agreement stipulates the commencement date. The consortium is terminated when the project is completed, or if the parties terminate the consortium unanimously, or according to the terms of the consortium agreement.

**Exclusivity** : Our Group is required to cooperate with the Power Projects Partner on an exclusive basis for the project in question.

---

## BUSINESS

---

**Insurance** : Each party is responsible for taking out joint erection all risks insurance where such insurance is not taken out by the customer, and to the extent required by the customer, to take out project specific third party liability insurance covering the joint activities on site and other insurances covers during the duration of the project, such as marine cargo/transportation insurance, general comprehensive third party liability insurance, and employer's liability and workmen compensation insurance, if necessary.

**Performance of the contract** : Each party is required to provide each other with complete and accurate technical data and drawings in a timely manner, for the planning and performance of the allocated share of works, and then to the customer.

Each party is required to perform the works, in accordance with time schedule, which is generally appended to the consortium agreement.

Each party is required to appoint a project manager and a senior site manager for each project.

**Invoicing and payments** : The parties invoice the share of works to the consortium, which in turn, bills the customer for payment. Where the customer does not make payment to our Group directly, the Power Projects Partner receives payment on behalf of the consortium and forwards payment to our Group.

**Financing and security** : Each party is responsible for any financing arrangements in relation to its works.

Where the customer requires any security (such as any performance guarantee), such security shall be taken out in accordance with the customer's requirements. If the consortium is required to provide such security, each party is required to provide security in value in proportion to the value of its respective allocated share of works under the contract with the customer.

---

## BUSINESS

---

**Liability** : In general, the parties are jointly and severally liable to the customer for the performance of the contract. With respect to each other, each party is solely responsible for its respective allocated share of the works, and each party has to provide its respective supplies and services. Each party is required to indemnify the other party against any losses, damages, claims or costs incurred by such party as a result of a failure to perform its respective obligations to the customer.

Any defect and damage shall be corrected by the party in whose share of the work the defect or damage occurs or is located, and the costs of rectifying such defect and damage shall be borne by the party who caused it.

**Disputes resolution** : The parties shall settle any claims, differences or disputes in relation to the consortium by amicable efforts. If such an attempt to settle fails, the dispute shall be settled by arbitration under the Rules of the Arbitration of the Hong Kong International Arbitration Centre. An award by the arbitral tribunal shall be final and binding upon the parties.

### **Synergy and benefits of the consortium arrangement**

According to the Industry Report, high voltage power substation construction tenders are usually competed on a consortium basis. Please refer to “Industry overview – Competitive landscape of the construction market in Macau – High voltage power substation market in Macau” of this prospectus for further details.

In accordance with the industry norm in Macau, we generally form a consortium with the Power Projects Partner to bid for the tenders and complete the works required under the relevant projects. Our Directors consider that there are considerable synergies created between our Group and the Power Projects Partner by combining the resources, expertise and experience of the parties to form such consortium. In particular, in providing the one-stop “design, build, operate and maintain” turnkey solution to the customer, each party of the consortium is allocated specific works in order to make the best use of each party’s strengths and to take advantage of the synergy created by the consortium to provide tailored services to the customers. The Power Projects Partner usually contributes its expertise and supplies core electrical equipment whereas we add substantial value through providing labour, civil engineering, project management services and design engineering services required for the operation of the substations.

---

## **BUSINESS**

---

Despite the fact that we have not entered into long-term agreements with the Power Projects Partner and the consortium is formed on a project-by-project basis, our Directors are of the view that through our long term cooperation, we have developed a good working relationship with the Power Projects Partner, resulting in the recurring formation of such consortiums when bidding for high voltage power substation construction tenders in Macau. Our Directors believe that this is, to a large extent, attributable to the confidence and trust in each other's quality of works and services provided over the years, and the parties are thus able to mutually reap the benefits of such long-standing collaboration. As such, we believe that we remain one of the preferred partners/contractors of the Power Projects Partner for bidding and undertaking high voltage power substation projects in Macau.

### **QUALITY CONTROL AND MANAGEMENT**

As a company operating in highly technical and challenging projects, quality control is paramount to our ability to consolidate our position in the market and our continued growth. In view of such importance, we place considerable emphasis in maintaining the quality control of the site works. We have implemented a set of quality management plan to ensure, in particular, the quality of our site works.

We assign a team of experienced management and technical staff to be residents on site to supervise the project and monitor the construction works throughout the construction process. The project manager is responsible for setting up the quality control of the site work. Our engineer is responsible for carrying out quality checking of the construction site. Our site agent coordinates with our foreman to operate and control the site work in accordance with the quality assurance plan set up by our project manager. For quality control measures over our subcontractors, please refer to "Subcontractors – Control over subcontractors" in this section. We carry out the necessary testing during the execution of the project works as required by the contract, drawings or local authorities.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material claims or complaints by our customers in respect of the quality of our construction projects, and there was no incident of failure of our quality control systems that had a material and adverse impact on our business operations.

### **OCCUPATIONAL HEALTH AND SAFETY**

Our personnel are one of our most important assets. In addition, many of our customers have placed an emphasis on safety records and quality management system of service providers. Therefore, injuries to our personnel and/or our physical assets pose a threat to our reputation and our success. We are committed to creating a safe working environment at each of our construction sites and have put in place measures to ensure our safety management system is effective in minimising, and where possible eliminating, the health and safety risk in our construction projects.

---

## BUSINESS

---

Since 2008, we have implemented a safety management plan to ensure the safety of our construction projects and to avoid any potential health issues or workplace accidents, including but not limited to the following:

- Safety training** : We provide safety training organised by in-house staff or other external bodies to all levels of personnel. Environmental toolbox talks are also provided to the workers to enhance their awareness on safety practice.
- Personal protective equipment** : We provide necessary personal protective equipment and gear to all direct employed staff and workers as well as workers and staff employed by our subcontractors.
- Safety meeting** : We conduct monthly safety meeting to discuss and review any safety issues regarding the safety management system and on-site performance.
- Safety inspection** : We conduct routine site safety inspection to ensure appropriate safety precautionary measures are properly implemented. If significant safety problems are identified, safety inspection may be carried out on an ad hoc basis.
- Emergency procedures** : We have emergency response plans to ensure that in the event of an emergency or pending emergency, such emergency can be dealt with rapidly to prevent or minimise danger to life, property or environment.
- Accident reporting system** : We have in place an accident reporting system for any potential incidents that may occur on our construction sites.
- Subcontractors arrangement** : We monitor the quality, safety and environmental performance of subcontractors. Where deficiencies in the subcontractors' performance are identified, the subcontractors will be required to implement corrective actions, failing which we will rectify such deficiencies on their behalf and charge the expense to their account. If immediate danger is caused on site, we will take action to suspend the subcontracted works.



---

## BUSINESS

---

As confirmed by our Macau Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had substantially complied with the relevant occupational health and work safety laws and regulations in Macau. Save as disclosed in “Occupational health and safety – Accident” in this section below, our Directors confirm that we did not experience any other fatal or severe accidents involving our employees or subcontracted workers during the Track Record Period and up to the Latest Practicable Date.

The following table sets out the litigation and claims as well as pending and threatened litigation and claims against us in respect of the work injuries arising out of the ordinary course of our business (details of which are set out below) during the Track Record Period and up to the Latest Practicable Date. Our Directors are of the view that none of such proceedings would have a material impact on our business, results of operations or financial condition, or on our Shares or the Global Offering.

No.	Year of accident or injury	Particulars of accident or injury	Approximate total amount settled	Status as at the Latest Practicable Date
1	2015	Injury to lower part of the body	As at the Latest Practicable Date, the total amount settled is to be ascertained.	The claim has been passed to the Labour Court. As advised by our Macau Legal Advisers, the case will be taken over by the insurance company.
2	2017	Injury to fingers	As at the Latest Practicable Date, the total amount settled is to be ascertained.	The claim has been passed to the Labour Affairs Bureau. As advised by our Macau Legal Advisers, the case will be taken over by the insurance company.
3	2017	Injury to finger	As at the Latest Practicable Date, the total amount settled is to be ascertained.	The claim has been passed to the Labour Affairs Bureau. As advised by our Macau Legal Advisers, the case will be taken over by the insurance company.
4	2017	Injuries to arm and leg	As at the Latest Practicable Date, the total amount settled is to be ascertained.	The claim has been passed to the Labour Affairs Bureau. As advised by our Macau Legal Advisers, the case will be taken over by the insurance company.
5	2017	Injury to finger	As at the Latest Practicable Date, the total amount settled is to be ascertained.	The claim has been passed to the Labour Affairs Bureau. As advised by our Macau Legal Advisers, the case will be taken over by the insurance company.
6	2017	Injuries to arm and leg	As at the Latest Practicable Date, the total amount settled is to be ascertained.	The claim has been passed to the Labour Affairs Bureau. As advised by our Macau Legal Advisers, the case will be taken over by the insurance company.

## BUSINESS

No.	Year of accident or injury	Particulars of accident or injury	Approximate total amount settled	Status as at the Latest Practicable Date
7	2017	Injury to fingers	The total amount settled by our Group was approximately MOP1,300.	<p>The claim has been passed to the Labour Affairs Bureau. After considering (i) the procedures involved in making insurance claims, and (ii) the amount of medical cost and/or compensation paid to the injured for full settlement, our Directors considered that it was more cost efficient for our Group to settle the case directly with the injured, instead of making claim to the relevant insurance company.</p> <p>As advised by our Macau Legal Advisers, the case has been fully settled by our Group and there is no outstanding liability or claims against our Group.</p>

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 our Group and the industry average during the Track Record Period:

	Industry average in Macau <sup>(Note 1)</sup>	Our Group <sup>(Note 2)</sup>
<b>Year ended 31 December 2014</b>		
Accident rate per 1,000 workers	23.3	13.2
Fatality rate per 1,000 workers	0.2	Nil
<b>Year ended 31 December 2015</b>		
Accident rate per 1,000 workers	25.5	6.2
Fatality rate per 1,000 workers	0.2	Nil
<b>Year ended 31 December 2016</b>		
Accident rate per 1,000 workers	23.6	3.3
Fatality rate per 1,000 workers	0.2	Nil
<b>Eight months ended 31 August 2017</b>		
Accident rate per 1,000 workers	N/A <sup>(Note 3)</sup>	9.9
Fatality rate per 1,000 workers	N/A <sup>(Note 3)</sup>	2.0

*Notes:*

- (1) Source: Labour Affairs Bureau of the Macau Government
- (2) Our Group's accident rate is calculated as the number of industrial accidents during the year/period divided by the daily number of the construction site workers (including the site workers of our Group and the subcontractors employed by us) in our Group's construction sites during the year/period.
- (3) The relevant data has not been published as at the Latest Practicable Date.

---

## BUSINESS

---

The following table sets out our Group's lost time injuries frequency rate (“**LTIFR**”) during the Track Record Period:

	<u>LTIFR<sup>(Notes)</sup></u>
Year ended 31 December 2014	5.4
Year ended 31 December 2015	2.5
Year ended 31 December 2016	1.4
Eight months ended 31 August 2017	4.1

---

*Notes:*

- (1) Lost time injury is an injury arising out of and during the course of employment, which results in the loss of one or more working days other than the date of accident.

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 our 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 eight hours per day.

- (2) The LTIFRs were determined based on the internal records of our Group.

### Accident

In July 2017, a fatal accident occurred at the construction site where our Group was engaged as a main contractor for certain construction works. During the craning works operated by a subcontractor of our Group (the “**Subcontractor**”), a crane arm and hoister of the jib crane fell down. Two construction workers were hit by the falling craning arm and one construction worker was hit by other falling object. As a result of the accident, one construction worker (being a non-resident construction worker employed by us who was proposed by and worked under the direction of the Subcontractor to carry out certain subcontracting ancillary construction works at the construction site) was fatally injured and two other construction workers (who were employed by other employers) suffered less severe injuries and were later discharged from the hospital.

After the occurrence of the accident, our Group and/or the Subcontractor had followed the proper procedures including filing the accident report with Macau Labour Affairs Bureau. The relevant construction works were suspended for two weeks after the accident as requested by Macau Labour Affairs Bureau.

As agreed between the Subcontractor and us, certain workers (including the said deceased non-resident construction worker) proposed by the Subcontractor were employed by us to carry out the subcontracting works under the direction of the Subcontractor, and the Subcontractor undertook to be liable for all types of liabilities in relation to such workers (including the said deceased construction worker), including but not limited to, employment liabilities, liabilities in occupational accident and fatality, and compensation liabilities (the “**Subcontractor's Undertaking**”).

*Our Macau Legal Advisers' view*

As advised by our Macau Legal Advisers, the maximum amount of statutory compensation in relation to a fatal case due to occupational accident or diseases in Macau, and therefore the maximum exposure of our Group in relation to the accident shall be capped at MOP1 million (“**Maximum Compensation**”). Our Macau Legal Advisers consider that, if the Subcontractor is held liable for the accident, we may be liable for the compensation or penalty as a main contractor in instructing the Subcontractor to carry out the subcontracting works. Our Macau Legal Advisers consider that the Maximum Compensation that our Group may be subject to shall be covered under the insurance policy maintained by the project owner. Should the claim be rejected by the insurance company, the Subcontractor shall be obligated to pay the same under the Subcontractor’s Undertaking. In addition, based on (i) the Maximum Compensation that our Group may be subject to; (ii) the valid insurance policy maintained by the project owner covering any potential liability of our Group at the construction site; (iii) the Subcontractor’s Undertaking that the Subcontractor has given in our favour; and (iv) the compensation arrangement agreed between the family members of the deceased construction worker and the Subcontractor (together with the express waiver of their rights to any further claim against the Subcontractor, our Group, the project owner and other related parties), our Macau Legal Advisers are of the view that the likelihood of our Group being held liable to make material compensation or fines or subject to other legal liability for the accident is remote. In September 2017, our Group received a notice of payment of penalty in a sum of MOP22,000 from Macau Labour Affairs Bureau in respect of our breaches of the relevant safety laws and regulations arising from the accident, and such amount was subsequently reimbursed by the Subcontractor pursuant to the Subcontractor’s Undertaking.

As further advised by our Macau Legal Advisers, our recruitment of foreign workers who were proposed by and who subsequently worked under the direction of the Subcontractor to carry out the subcontracting works did not violate any applicable laws and regulations in Macau. As advised by our Macau Legal Advisers, such arrangements are general practice in the construction industry in Macau, especially in relation to major construction projects where project owners or main contractors normally apply for a number of work permits for the intended purpose of obtaining the necessary quota to hire non-residents for its subcontractor(s), with the candidate(s) of the relevant position to be selected by the subcontractor(s). This is because the subcontractor(s) may not be of a sufficient size or have the requisite number of employed local workers to be qualified to apply for foreign labour work permits. In addition, the application of such work permits can take a long time and potentially jeopardise a project’s work schedule and are therefore applied for in advance by the project owner or main contractor. Our Directors are of the view that such arrangement is in line with general industry practice in Macau.

*Views of our Directors and the Sole Sponsor*

In view of our Macau Legal Advisers’ view above and the resumption of the construction works after compliance with the proper procedures, our Directors are of the view, and the Sole Sponsor concurs, that the accident does not have any material adverse impact on our Group’s operations and financial position.

**Post accident actions**

After the occurrence of the accident, we have, among other things, taken certain actions and implemented the following enhanced safety measures in addition to our regular safety procedures immediately:

- (a) we cleaned up the construction site of the accident and set up fencing barriers to prevent workers from entering the accident area accidentally;
- (b) we stopped using jib cranes made by the same manufacturer that was involved in the accident, and we ensured that we had no other jib cranes from the same manufacturer and model at our construction sites;
- (c) we performed a detailed inspection of our other jib cranes and overhead cranes, and engaged an independent expert to conduct safety testing on the equipment before we resumed operations at the site of the accident;
- (d) we arranged for our workers to attend safety seminars and additional training sessions, with a particular emphasis on the safe operation of cranes;
- (e) we assigned two additional safety supervisors with over 10 years of experience in heavy machinery safety monitoring to be responsible for the instruction and supervision of relevant craning activities; and
- (f) we commissioned an independent analysis report from an independent third party expert which was submitted to the Macau Labour Affairs Bureau, and we have adopted the recommendations set out in the report.

Since the occurrence of the accident, we have further enhanced our safety measures to prevent future accidents of a similar nature from occurring:

- (a) we have employed four more safety supervisors/officers, including a senior safety management manager with over 15 years of experience to manage and develop our safety management plan and risk assessment;
- (b) we deploy safety officers to conduct safety inspections on a more frequent and detailed basis to ensure construction activities are operated in safe and proper manners;

---

## BUSINESS

---

- (c) we strengthen the performance of safety risk assessment for each project, especially for projects requiring the use of jib cranes and overhead cranes, and ensure the construction plan complies with our safety management plan;
- (d) we deploy experienced site supervisors to closely monitor the operations of high-risk machineries or hazardous works once we identify such risks from safety risk assessments;
- (e) we engage Macau Occupational Health and Safety Association, an organisation which promotes occupational health, to inspect our construction sites regularly to review our safety measures;
- (f) we increase the frequency of meetings with subcontractor representatives and workers to discuss safety issues and review their safety performance for ensuring the effectiveness and practicalities of the safety measures taken;
- (g) we place greater emphasis on encouraging our workers and site management personnel to participate in safety improvement workshops and activities to increase their awareness in occupational safety;
- (h) we ensure that specific safety measures in relation to working at height, safe operations of cranes and reports of hazards and accidents are communicated to our workers and documented in detail; and
- (i) we implement stricter safety guidelines for our employees and subcontractors to comply with, and we will issue warning letter to or impose penalties on the relevant personnel if substandard performance is found.

Since the occurrence of the accident in July 2017 and up to the Latest Practicable Date, there had not been any fatal or severe accident or major injuries arising from the projects of our Group. Our Directors therefore believe that, and the Sole Sponsor concurs, that our Group had adequate and effective measures to prevent the recurrence of similar accidents in the future and to enhance the compliance requirements of our safety measures by our subcontractors and their employees.

### ENVIRONMENTAL MATTERS

We are subject to a number of environmental and safety laws and regulations in Macau, details of which are set out in “Regulatory overview” of this prospectus.

It is our policy to ensure that our construction works are conducted in an environmentally responsible manner and that all our employees are fully aware of such policies.

---

## BUSINESS

---

Our operations create or emit construction waste, waste water, noise and dust. In order to carry out our corporate responsibility in respect of environmental protection and to ensure compliance with the applicable laws and regulations, we have implemented, among other things, the following environmental protection measures:

- Construction products and waste** : We select environmental-friendly and energy-efficient products as far as practicable and possible. We strive to reduce construction waste by minimising over-ordering, as well as by reusing and recycling the surplus materials. We identify the chemical waste and propose the appropriate means to package, label, store, transport and dispose in accordance with statutory regulation. If required, we engage licensed chemical waste collector. We strive to maintain the site in a clean and tidy condition.
- Noise** : We undertake construction works in accordance with the permitted working hours in accordance with the applicable laws and regulations. We observe and follow acoustic control. We use noise enclosure/acoustic barrier, if required. We avoid simultaneous operations of multiple pieces of machineries and equipment.
- Air quality** : We maintain good housekeeping and regular cleaning to lower the level of dust generated from construction works. We cover any dusty materials carried by vehicles with impervious sheet and wash vehicle wheels before they leave our construction sites.
- Water quality** : We employ specialist collector to remove toilet wastewater.

As confirmed by our Macau Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant environmental protection laws and regulations in Macau and we were not subject to any material claims, administrative actions or penalties in relation to environmental issues that would materially and adversely affect our business operations.

---

## BUSINESS

---

### LICENCES, CERTIFICATES AND PERMITS

Our operations are subject to certain licences, certificates or permits requirements pursuant to the laws in Macau. For details of the regulatory requirements, please refer to “Regulatory overview – Macau laws and regulations – Laws and regulations in relation to construction business” of this prospectus. We have been advised by our Macau Legal Advisers that we have obtained all the requisite licences, certificates and permits from the relevant Macau regulatory authorities for our operations in all material respects during the Track Record Period and that all such licences, certificates and permits were in force as at the Latest Practicable Date. We may be required to renew or update information on our licences, certificates and permits from time to time. As advised by our Macau Legal Advisers, we do not expect any difficulties or legal impediment in such renewals so long as we meet the applicable requirements and conditions and adhere to the procedures set forth in the relevant laws and regulations as required by the relevant government authorities.

The material operating licences, certificates and permits held by us as at the date of this prospectus are summarised as follows:

Name of licence, certificate or permit	Holder	Issuing authority	Expiry date
Constructor License no. 3191/2008	SHY Engineering Construction	DSSOPT	Expiring on 31 December 2018
Constructor License no. 4570/2013	EHY Construction and Engineering	DSSOPT	Expiring on 31 December 2018
Class A Contractor	SHY Engineering Construction	DSSOPT	Expiring on 31 March 2018
Class A Contractor	EHY Construction and Engineering	DSSOPT	Expiring on 31 March 2018
Permit for hiring non-resident – Dispatch no. 01654/IMO/DSAL/ 2017	EHY Construction and Engineering	Labour Affairs Bureau	Expiring on 10 April 2018 <sup>(Note 1)</sup>
Permit for hiring non-resident – Dispatch no. 13868/IMO/DSAL/ 2017	EHY Construction and Engineering	Labour Affairs Bureau	Expiring on 20 March 2018
Permit for hiring non-resident – Dispatch no. 13878/IMO/DSAL/ 2017	EHY Construction and Engineering	Labour Affairs Bureau	Expiring on 30 March 2018
Permit for hiring non-resident – Dispatch no. 15150/IMO/DSAL/ 2017	EHY Construction and Engineering	Labour Affairs Bureau	Expiring on 10 September 2018



---

## BUSINESS

---

Name of licence, certificate or permit	Holder	Issuing authority	Expiry date
Permit for hiring non-resident – Dispatch no. 25219/IMO/DSAL/ 2017	EHY Construction and Engineering	Labour Affairs Bureau	Expiring on 15 April 2018
Permit for hiring non-resident – Dispatch no. 01722/IMO/DSAL/ 2018	EHY Construction and Engineering	Labour Affairs Bureau	Expiring on 11 June 2018
Permit for hiring non- resident – Dispatch no. 32929/IMO/DSAL/ 2017	EHY Construction and Engineering	Labour Affairs Bureau	Expiring on 20 February 2019
Permit for hiring non-resident – Dispatch no. 00710/IMO/DSAL/ 2018	EHY Construction and Engineering	Labour Affairs Bureau	Expiring on 10 April 2019 <sup>(Note 1)</sup>
Permit for hiring non-resident – Dispatch no. 01232/IMO/DSAL/ 2017	Engenharia Hung Yip	Labour Affairs Bureau	Expiring on 20 May 2018 <sup>(Note 2)</sup>
Permit for hiring non-resident – Dispatch no. 00944/IMO/DSAL/ 2018	Engenharia Hung Yip	Labour Affairs Bureau	Expiring on 7 December 2018
Permit for hiring non-resident – Dispatch no. 26915/IMO/DSAL/ 2017	Engenharia Hung Yip	Labour Affairs Bureau	Expiring on 31 December 2018
Permit for hiring non-resident – Dispatch no. 00713/IMO/DSAL/ 2018	Engenharia Hung Yip	Labour Affairs Bureau	Expiring on 20 May 2019 <sup>(Note 2)</sup>
Permit for hiring non-resident – Dispatch no. 45887/IMO/DSAL/ 2016	SHY Engineering Construction	Labour Affairs Bureau	Expiring on 10 May 2018

*Note 1:* Upon expiring on 10 April 2018, this permit will be renewed and replaced by Dispatch no. 00710/IMO/DSAL/2018, which will take effect from 11 April 2018 and expire on 10 April 2019.

*Note 2:* Upon expiring on 20 May 2018, this permit will be renewed and replaced by Dispatch no. 00713/IMO/DSAL/2018, which will take effect from 21 May 2018 and expire on 20 May 2019.

**MARKET AND COMPETITION**

According to the Industry Report, the civil engineering industry in Macau is fragmented and highly competitive with an estimated number of over 100 players of various scale in the industry. Large scaled players within the civil engineering industry are often non-Macau based. The top five civil engineering industry players accounted for more than 39.3% of the total market share in terms of revenue in 2016. Our Group is a contractor with a market share of approximately 0.4% in the Macau civil engineering industry in terms of our revenue generated from such business in 2016. In contrast, the high voltage power substation market in Macau is highly concentrated, with less than 10 identifiable players to carry out high voltage power substation construction projects, and the top three players accounting for approximately over 90% of the market share. According to the Industry Report, our Group accounted for a market share of approximately 38.7% in the Macau high voltage power substation construction market and ranked us second in such market in terms of our revenue generated from such business in 2016.

According to the Industry Report, the main entry barriers to the construction industry include: (i) the contractor's reputation, as customers in the civil engineering industry generally prefer working with contractors who have a well-established reputation; (ii) the labour force of the contractor, as having the necessary talent pool of management and labour is critical to a project's success; (iii) the contractor's professional network, including having a good relationship with the public institutions responsible for power and electricity distribution and management; and (iv) having sufficient capital flow, as contractors often need to pay their suppliers and subcontractors upfront.

During the Track Record Period, our main competitors were local construction companies. We believe our competitive strengths, in particular, our ability to provide highly customised and technically challenging projects, differentiate us from our competitors and enable us to continue our growth and enhance our profitability. For details, please refer to "Our competitive strengths" in this section.

**SEASONALITY**

We believe that the construction industry which we operate in does not exhibit any significant seasonality. Our construction projects are carried out all year round. Nevertheless, when we negotiate the construction schedule and the contract sum of our projects with our customers, we will also take into account the holiday factor. Our construction contracts with our customers also set out force majeure terms to cater for the occurrence of events that are beyond the reasonable control of either party of the contract that prevent or hinder the performance of the contract.

---

## BUSINESS

---

### INSURANCE

In light of the risks relating to our business operations, we maintain insurance in compliance with the applicable laws and regulations and in accordance with industry practice. It is a common practice in the construction industry in Macau that the project owners or the main contractors of a project will take out and maintain employees' compensation insurance, contractor's all risks insurance and public liability insurance for the entire project. The coverage of such policies include all works performed by the main contractor and all its subcontractors.

Our Directors consider that our current level of insurance coverage is adequate and consistent with the industry norm having regard to our current operations and the prevailing industry practice. As confirmed by our Macau Legal Advisers, we had duly maintained all material insurance policies in compliance with the relevant Macau laws and regulations during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we had not made any material claims under our insurance policies or experienced any material business interruptions and we had not experienced any material insurance disputes.

Please refer to "Risk factors – Risks relating to our business – Our insurance policies may not be sufficient or adequate to cover all risks of loss or potential claims associated with our business operations" of this prospectus for further details.

### RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, we did not engage in any research and development activity.

### INTELLECTUAL PROPERTY

We rely on a combination of trademarks and domain name registrations to protect our intellectual property rights.

As at the Latest Practicable Date, we owned two domain names, namely **www.mecommacau.com** and **www.mecommacao.com**, and six trademarks in Hong Kong and Macau, and had applied for the registration of two trademarks in the PRC. Details of our intellectual property rights are set forth in "B. Information about our business – 2. Intellectual property rights of our Group" in Appendix V to this prospectus.

As at the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. Further, as at the Latest Practicable Date, we were not involved in any litigation or legal proceedings in relation to any material claims of infringement, either threatened or pending, of any intellectual property rights initiated by or against us that had a material and adverse effect on our business.

---

## BUSINESS

---

### EMPLOYEES

As at the Latest Practicable Date, we had a total of 497 employees (comprising 118 Macau residents and 379 non-Macau residents), with a significant portion of them stationed in Macau. The following table sets forth a breakdown of the number of our employees by function as at the Latest Practicable Date:

<b>Function</b>	<b>Number of employees</b>
Senior management	5
Project Director	4
Administration	15
Procurement	3
Finance	4
Project management and execution	115
Workers	351
<b>Total</b>	<b>497</b>

According to the Industry Report, there is a continuous shortage of supply of local labours in Macau. To circumvent the labour shortage constraints in the construction industry, contractors import construction workers from the PRC and Hong Kong, subject to a permitted quota under the relevant laws and regulations in Macau. As advised by our Macau Legal Advisers, it is a general practice in Macau, especially in major construction projects, for the project owner or the main contractor to apply for work permits for foreign workers. Being a main contractor for the projects we undertake, we have been able to apply for work permits for our foreign workers without relying on our customers for allocating the quotas of foreign workers to us. The Macau government has assigned quotas to individual subsidiaries of our Group as well as on a project-by-project basis. As at the Latest Practicable Date, we had 379 foreign labour.

### Recruitment policy and remuneration

Our capability to recruit and retain experienced and skilled talents is crucial to our long term development. We generally recruit our personnel from the open market. We generally recruit our employees with reference to a number of factors such as their experience in the construction industry, their skills, expertise, qualifications and performance during the interview.

We generally enter into employment contracts with each of our employees covering matters such as wages, employment scope and grounds for termination. The salaries and benefits of our employees depend primarily on their position, seniority, type of work and contribution to our Group. They may be subject to three months' probation period starting on board. We generally pay our employees a fixed salary and discretionary year-end bonus and other allowances based on their respective positions and responsibilities.

---

## BUSINESS

---

During the Track Record Period, we incurred staff costs of approximately MOP40.6 million, MOP48.7 million, MOP58.0 million and MOP59.1 million, respectively, representing mainly salaries, wages, bonus and other pension scheme contributions.

### Employee training

We provide various types of training to our employees, including professional training for engineers and site training to our site personnel in respect of management of quality, occupational health and safety and environmental protection matters. We believe that these training equip our employees with better skills, technical expertise and knowledge relevant to our construction projects to perform their duties.

### Relationship with employees

We believe that our Group has an amicable relationship with our employees.

During the Track Record Period and up to the Latest Practicable Date, no labour union was established by our employees. During the Track Record Period, we did not experience any difficulties in the recruitment or retention of experienced staff or skilled personnel and we did not experience any material labour disputes with our employees, encounter any disruption to our operations due to labour disputes, strikes or work stoppages, receive any notices or orders from relevant government authorities or third parties, or receive any claims from our employees.

## PROPERTIES

### Leased property

As at the Latest Practicable Date, we leased the following premises for our office and warehouse uses, and details of which are set out as below:

<u>Location</u>	<u>Gross floor area</u>	<u>Use of the property</u>
	<i>sq.m. (approximately)</i>	
Units Q, R and S, 6/F, Praça Kin Heng Long – Heng Hoi Kuok, Kin Fu Kuok, No. 258 Alameda Dr. Carlos D’Assumpção Macau (“ <b>Property A</b> ”)	219.3	Office
Farmland, Povoação De Ká-Hó, Coloane, Macau (“ <b>Farmland</b> ”)	1,298.0	Warehouse
No. 11, Site A, Newly reclaimed land, Zone E2, Taipa, Macau (“ <b>Warehouse A</b> ”)	356.1	Warehouse
Unit J, 1/F, Edf. Industrial Cidade Nova, No. 61 Travessa dos Currais, Macau (“ <b>Property B</b> ”)	110.1	Warehouse

---

## BUSINESS

---

As at the Latest Practicable Date, we leased Property A and Property B from connected persons of our Group. Please refer to “Connected transactions – Overview – (A) Continuing connected transactions which are fully exempt from the reporting, annual review, announcement, circular and the independent shareholders’ approval requirements” of this prospectus for further details.

### COMPLIANCE AND LEGAL PROCEEDINGS

As at the Latest Practicable Date, there were no litigation, claim or arbitration proceedings pending or threatened against us or any of our Directors which could have a material adverse effect on our business, financial condition or results of operations.

Our Directors confirm that, (i) we had obtained all licences, permits, approvals, qualification and certificates material for our business operation in Macau; and (ii) we had complied with applicable laws and regulations in all material respects in Macau being the principal jurisdiction in which our Group operates during the Track Record Period and up to the Latest Practicable Date.

According to our Macau Legal Advisers, we had complied with all relevant laws and regulations in Macau in all material respects during the Track Record Period and up to the Latest Practicable Date.

### NON-COMPLIANCE

Our Directors confirm that, save as the material non-compliance disclosed below, our Group has complied with all material applicable laws and regulations in Macau (being the principal jurisdiction in which our Group operates) during the Track Record Period and up to the Latest Practicable Date.

#### **Material non-compliance with the Complementary Income Tax Regulation (“CITR”)**

According to section 55 and section 74 of the CITR, 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 their right to recover 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 of 2012.

Moreover, according to section 4 of the CITR, 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 three 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.

---

## BUSINESS

---

Our Directors confirmed that EHY Construction and Engineering and SHY Engineering Construction (together, the “**Relevant Subsidiaries**”) had an average taxable profit of more than MOP500,000 in 2013 and 2014, respectively, and, following the advice by the then tax representative, which is an independent local accounting firm, the Relevant Subsidiaries applied to the Financial Services Bureau of the Macau Government to change from Group B taxpayers to Group A taxpayers accordingly. As such, the Relevant Subsidiaries are required to comply with the relevant requirements pursuant to the CITR in the capacity as Group A taxpayers. According to section 18 of the CITR, Group A taxpayers are obliged to prepare and maintain their accounts in accordance with the local financial reporting standards while Group B taxpayers should maintain sales, purchase registers and provide labour registers if the Group B taxpayers do not have properly prepared accounts. However, due to a lack of awareness and insufficient knowledge of the relevant requirements of the relevant staff (the “**Relevant Staff**”) on tax matters, the Relevant Subsidiaries relied on and deferred to the then tax representative for the tax calculation and filings. The then tax representative had advised the Relevant Staff to change the Relevant Subsidiaries from Group B taxpayers to Group A taxpayers. Owing to inadvertent oversight, a lack of awareness and insufficient knowledge of the relevant requirements on the tax matters and the financial reporting standards, the Relevant Subsidiaries unintentionally failed to prepare and maintain their accounts in accordance with the local financial reporting standards. Consequently, the Relevant Subsidiaries filed complementary tax returns to the Financial Services Bureau of the Macau Government which were not in conformity with the aforesaid requirements as Group A taxpayers and, hence, the Relevant Subsidiaries unintentionally failed to comply with section 64 of the CITR in submitting the complementary tax returns in the capacity as Group A taxpayers within the time period as required by the relevant laws at the material times. In addition, the Relevant Subsidiaries failed to fully comply with section 65 of the CITR in preparing accounts in accordance with the local financial reporting standards as required by section 18 of the CITR.

In view of such non-compliance, our Company appointed an international accounting firm which has more than 244,400 professionals delivering services in audit, tax, consulting, financial advisory, risk advisory, and related services in more than 150 countries and territories in its fiscal year 2016 as the new tax representative (the “**New Tax Representative**”) for the Relevant Subsidiaries in June 2017. As advised by the New Tax Representative, the Relevant Subsidiaries would be subject to a fine from MOP100 to MOP20,000 for each financial year for failing to comply with section 64 of the CITR and repayment of the complementary tax shortfall. The Relevant Subsidiaries 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 CITR.

With the assistance of the New Tax Representative, the Relevant Subsidiaries voluntarily submitted the revised tax filings in July 2017. In respect of the financial impact during the Track Record Period due to these complementary tax shortfalls, our Group had made: (i) adjustment of approximately MOP5.1 million to the opening balance of our tax liabilities and retained earnings brought forward as at 1 January 2014; and (ii) relevant tax provision of approximately MOP11.3 million and MOP16.1 million for the two years ended 31 December 2014 and 2015, respectively. On 24 October 2017, we received a notice from the Financial Services Bureau of the Macau Government regarding its tax assessment of EHY Construction

---

## BUSINESS

---

and Engineering for the year ended 31 December 2014, stating that the additional tax payable by EHY Construction and Engineering for such period is approximately MOP4.8 million, which is the approximate additional tax provision made for the year ended 31 December 2014. On 27 November 2017, we received a notice from the Financial Services Bureau of the Macau Government regarding its tax assessment of SHY Engineering Construction for the year ended 31 December 2014, stating that the additional tax payable by SHY Engineering Construction for such period is approximately MOP2.6 million, which is the approximate additional tax provision made for the year ended 31 December 2014. As at the Latest Practicable Date, the Financial Services Bureau of the Macau Government had not yet issued any other tax assessments to the Relevant Subsidiaries. Nevertheless, the Relevant Subsidiaries are prepared and are willing to settle the fines for failing to comply with sections 64 and 65 of the CITR and the additional complementary tax demanded and/or required by the Financial Service Bureau of the Macau Government.

Save for the non-compliance discussed above, our Directors confirmed that the Relevant Subsidiaries have complied with their obligations as required under the CITR.

To ensure sound implementation of internal control policies and avoid the reoccurrence of the above non-compliance, we have implemented/will implement the following:

- (i) we have appointed our finance manager, who is a certified public accountant, in July 2017 to oversee the finance and accounting and company secretarial function of our Group. The management accounts and financial information prepared by our staff are required to be reviewed by the finance manager before approval by our Directors;
- (ii) we had engaged and will continue to engage the New Tax Representative to provide professional advice and assistance as to compliance with the Macau tax laws on an ongoing basis who shall notify our Group for any updates on rules and regulations regarding Macau tax;
- (iii) we have improved our existing internal control framework by adopting a set of internal control policies and procedures in July 2017 to prevent reoccurrence of the above non-compliance. Such internal control measures include:
  - our Group’s books and records will be prepared in accordance with IFRS, which are materially similar to the accounting standards accepted by the local tax authority in Macau;
  - our Group’s tax calculations will be reviewed by our finance controller, who is a certified public accountant, will be responsible for making the appropriate adjustments if there are any discrepancies;



---

## BUSINESS

---

- our finance controller will be responsible for reviewing the tax filings prepared by the New Tax Representative by checking our Group’s supporting documents and information and management accounts, and will check such information against a compliance checklist, and sign on such checklist, according to our policy to make sure our Group’s tax submission as Group A taxpayer is complete; and
  - our complementary tax returns will be performed and handled by the New Tax Representative;
- (iv) the accounting staff, the finance controller of our Group and our executive Directors will receive training from the New Tax Representative concerning laws and regulations in relation to the Macau tax. Our Group will continue to provide regular trainings together with the New Tax Representative to keep the relevant staff informed of any updates on the Macau tax laws and regulations;
- (v) we will continue to engage the Internal Control Consultant after the Listing to review the adequacy and effectiveness of our internal control system, including areas of financial compliance; and
- (vi) the senior management will review our Group’s internal control policies and procedures annually in relation to the tax compliance or upon advisory by the New Tax Representative on latest changes and updates on laws and regulations in relation to Macau tax.

As set out in the “Risk management and internal control” in this section, our internal control consultant (“**Internal Control Consultant**”) completed the follow-up review and our Directors confirm that major recommendations, including those in respect of the above non-compliance, provided by our Internal Control Consultant have been followed and corrective actions have been taken accordingly.

### **Views of our Directors and the Sole Sponsor**

Our Directors are of the view, and the Sole Sponsor concurs, that: (i) the above non-compliance would not reflect negatively on the competence and integrity of Mr. Kuok and Mr. Sou to act as our Directors under Rules 3.08 and 3.09 of the Listing Rules; and (ii) our Company is suitable for listing under Rule 8.04 of the Listing Rules, having taken into account: (i) the advice from the New Tax Representative; (ii) that the Relevant Subsidiaries have voluntarily submitted the revised tax filings in July 2017 for the relevant years to rectify the non-compliance; (iii) that our Group had implemented (or will implement where applicable) the measures described above to avoid reoccurrence of similar non-compliance; (iv) that there were no reoccurrence of similar non-compliance since the implementation of the such measures; (v) that the non-compliance was unintentional and only due to inadvertent oversight and insufficient knowledge of the relevant requirement of our relevant staff on tax matters at the material times; (vi) that our Group had engaged and will continue to engage the New Tax

---

## BUSINESS

---

Representative to provide professional advice and assistance as to compliance with the Macau tax laws on a on-going basis; and (vii) that the above non-compliance did not involve any dishonesty or fraudulent act on the part of our Directors. Our Directors are of the view and the Sole Sponsor also concurs that the above measures are sufficient and could effectively prevent the reoccurrence of the above incident.

### **Indemnity by our Controlling Shareholders**

Pursuant to the Deed of Indemnity, our Controlling Shareholders have undertaken to indemnify our Group against any losses, liabilities or damages suffered by or falling on our Group in respect of and to the extent arising from or relation to the aforementioned material non-compliance with the CITR on or before the Listing Date. For details of the Deed of Indemnity, please refer to “D. Other information — 2. Tax and other indemnities” in Appendix V to this prospectus.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

Our Directors and senior management are responsible for the formulation of and overseeing the implementation and effectiveness of our internal control and risk management systems, which have been designed to ensure our Group’s ongoing compliance with the applicable laws, regulations and rules relevant to our business operations and/or corporate governance, and to prevent the recurrence of non-compliance incidents. Our internal control and risk management systems cover, among other things, corporate governance, operations, management, legal matters and finance. We have also adopted, or expect to adopt before the Listing, the following measures to ensure compliance with the Listing Rules upon Listing:

- Audit Committee** : We have established an audit committee which comprise all independent non-executive Directors to review and supervise our financial reporting process and internal control system. Our audit committee has also adopted its terms of reference, which sets out its duties and obligations for ensuring compliance with relevant laws and regulations. For biographical details of the independent non-executive Directors, please refer to “Directors and senior management – Board of Directors – Independent non-executive Directors” of this prospectus for further details.

---

## BUSINESS

---

- Compliance with Listing Rules** : Our internal control policies cover aspects related to corporate governance, connected transactions and securities transactions by our Directors to ensure our Company complies with the Listing Rules. Our Directors and senior management have attended trainings conducted by our Hong Kong legal advisers on the ongoing obligations, duties and responsibilities of being a director of a publicly listed company under the Companies Ordinance and the Listing Rules. To monitor the ongoing compliance with the Listing Rules, we will appoint a compliance officer to keep track of all updates of listing rules and ensure adequate disclosures.
- Appointment of compliance adviser** : We have appointed Innovax Capital as our compliance adviser with effect from the Listing Date to assist our Board on ongoing compliance matters relating to the Listing Rules and/or other applicable securities laws and regulations in Hong Kong.
- Appointment of external Hong Kong and Macau legal advisers** : We will appoint qualified Hong Kong and Macau law firms upon Listing when necessary to advise our Group on compliance with the applicable laws and regulations in Hong Kong and Macau and, if necessary, to provide us with the relevant training from time to time.
- Permits and licences** : We have assigned a designated staff to maintain a log to monitor the attainment and renewal of the licences, approvals and permits required for our construction projects and ensure that such relevant licences, approvals and permits are renewed prior to their respective expiration dates.
- Training** : We have provided regular internal training programmes in relation to various aspects of our business operations, including project management, occupational health and safety, environmental protection, and accounting and finance matters to our Directors, senior management and key personnel in each of our departments.

---

## BUSINESS

---

We have engaged the Internal Control Consultant, an independent international accounting firm, to conduct review of our internal control policies and measures related to project management procedures, compliance monitoring controls, finance and accounting procedures, human resources management procedures, fixed asset management procedures and other general control measures. A series of internal control policies and procedures in respect of the aforementioned areas have been adopted. Highlights of our internal control system include the following:

- (i) **Risk assessment and management mechanism:** a formal risk assessment and management mechanism will be established by our management with the assistance of the Internal Control Consultant to identify and analyse the exposures of internal and external risks factors faced by our Group;
- (ii) **Monitoring mechanism on the design and effectiveness of internal control system:** formal mechanism for monitoring the design and operating effectiveness of our Group's internal control system and procedures in regard to financial and operational matters and compliance with applicable laws and regulations have been established. We have also outsourced the internal audit function to an external consultant to evaluate and assess our Group's risk management and internal control mechanism periodically; and
- (iii) **Assessment of potential projects identified:** policies and procedures have been established to formally document and approve results of assessment and management approval on the decision on whether to accept or reject the tender invitations. To monitor the ongoing progress of the accepted projects, additional policies and procedures have been established to document the percentage of completion and budget control of the projects on a regular basis.

Furthermore, to comply with the Listing Rules and to further avoid potential conflicts of interest, we have implemented additional corporate governance measures. For details, please refer to "Relationship with Controlling Shareholders – Corporate governance measures" of this prospectus.

Following the completion of the follow-up review by the Internal Control Consultant, our Directors confirm that all the major recommendations provided by our Internal Control Consultant have been followed and corrective actions were taken accordingly to address the internal deficiencies of our Group.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### OVERVIEW

Immediately upon completion of the Capitalisation Issue and the Global Offering and taking no account of the Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme, Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao will, through MECOM Holding, be interested in approximately 50.08% of the number of Shares in issue. As Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao have confirmed in writing that they as parties acting in concert, have held their interest in, and collectively exercised their control over, the companies comprising our Group through their respective interests in those companies from time to time since they have become the shareholders of the respective companies comprising our Group, and that MECOM Holding will continue to control more than 30% of the number of Shares in issue, each of them will be regarded as part of the group of our Controlling Shareholders within the meaning of the Listing Rules upon Listing. MECOM Holding is an investment holding company. Please refer to “Directors and senior management” of this prospectus for further details of the background information of Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao.

Apart from our businesses relating to the provision of (a) structural steelworks, civil engineering construction, and fitting out and renovation works; (b) high voltage power substation construction and its system installation works; and (c) facilities management, alteration and maintenance works and services in Macau for various buildings, properties and their components (especially for hotels and resorts) and high voltage power substations and systems and emergency repairs, our Controlling Shareholders and their close associates are currently operating other businesses (the “**Excluded Businesses**”) such as (a) the provision of construction materials and power management control system (the “**Materials Supply Business**”); and (b) provision and installation of HVAC, ELV, LV, P&D works and fire services systems (the “**Ancillary Construction Business**”) through a number of companies controlled by them and these companies will not form part of our Group after Listing.

The table below sets forth the details of each of the companies operating the Excluded Businesses which our Controlling Shareholders and their close associates are interested in as at the Latest Practicable Date and are excluded from our Group (the “**Excluded Group**”):

Name	Place of incorporation	Shareholders	Directors	Principal business
ACEL Engineering Company Limited	Macau	1. Mr. Sou (50%) 2. Spouse of Mr. Sou (50%)	Independent Third Party	Ancillary construction business
Autoduct (Macao) E&M Engineering Co., Ltd.	Macau	1. Mr. Sou (50%) 2. Mr. Kuok (50%)	Mr. Kuok and an Independent Third Party	Materials supply business

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

Name	Place of incorporation	Shareholders	Directors	Principal business
H&Y Engineering Company, Limited	Macau	1. Mr. Lam (95%) 2. Independent Third Party (5%)	Independent Third Party	Ancillary construction business
Lei Hong Engineering Limited	Macau	1. Mr. Kuok (60%) 2. Spouse of Mr. Kuok (40%)	Mr. Kuok	Ancillary construction business
Macao Modern Environmental Protection Technology Company Limited <sup>Note</sup>	Macau	1. Mr. Sou (50%) 2. Mr. Kuok (50%)	Mr. Kuok and an Independent Third Party	Materials supply business

*Note:* Macao Modern Environmental Protection Technology Company Limited also holds the entire equity interest in Zhuhai Free Trade Zone Autoduct Hardware Products Co., Ltd. (珠海保稅區利捷達五金製品有限公司), a company established in the PRC with limited liability and is principally engaged in the materials supply business, with Mr. Kuok, Mr. Sou and an Independent Third Party as its directors.

None of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favour of our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

### DELINEATION OF BUSINESSES

The operations of our Group are independent of and separate from the Excluded Group. Our Directors are of the view that there is a clear delineation between the businesses of the Excluded Group and our businesses. The businesses of the Excluded Group are not injected into our Group as our Directors are of the view that such businesses, which are all ancillary and incidental to our core businesses, neither form part of our core business nor are in line with our strategy to strengthen our market position in the construction industry in Macau.

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

Our Group is principally engaged in the provision of (a) structural steelworks, civil engineering construction, and fitting out and renovation works; (b) high voltage power substation construction and its system installation works; and (c) facilities management, alteration and maintenance works and services in Macau, whereas the Excluded Group is principally engaged in the Excluded Businesses which comprise principally the Materials Supply Business and the Ancillary Construction Business in Macau. Our Directors do not expect there to be any overlap or competition of the businesses of the Excluded Group and our Group's business after the Listing due to the following reasons:

### *Materials Supply Business*

The Excluded Group is engaged in the Materials Supply Business. In contrast, we do not engage, and have no intention of engaging, in sale of construction materials and will continue to procure the materials from suppliers through our internal tendering process. The Materials Supply Business was not injected into our Group as part of the Reorganisation as our Directors are of the view that the Materials Supply Business neither forms part of our core business nor is consistent with our overall strategy to maintain and further strengthen our market position in the construction industry in Macau.

The Excluded Group is engaged in the sale of the construction materials and power management control system and in our upstream industry. In contrast, our Group does not sell those materials and would only utilise those materials for our construction projects.

Further, the business model of the Materials Supply Business is also differentiated from our business model. The business model of the Materials Supply Business will focus on the sale of the construction materials and power management control system and is ancillary and incidental to our building construction business.

### *Ancillary Construction Business*

The Excluded Group is also engaged in the provision and installation of HVAC, ELV, LV, P&D works and fire services systems. Our Directors are of the view that our businesses can be clearly differentiated from the Ancillary Construction Business and will not be in competition due to the following reasons:

- ***Different business models*** – The business model of the Ancillary Construction Business is distinguishable from our Group's business model. The Ancillary Construction Business refers to specific work tasks (being provision and installation of HVAC, ELV, LV, P&D works and fire services systems (the “**Ancillary Construction Services**”)) which (a) aim at supporting the main construction works and do not involve construction and/or alteration of buildings, (b) could be completed separately and (c) could be, and are, customarily delegated by the main contractors (including us), and therefore is ancillary and incidental to our construction projects. To the best knowledge of our Directors, the Ancillary Construction Business is provided by the Excluded Group on a standalone and project-by-project basis.

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

Whereas our business model is focused on the provision of integrated and comprehensive one-stop solution which offers, among other things, overall management and supervision of the construction projects. Our services cover a comprehensive range of services and all of our revenue was derived from our three business streams, namely (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substation construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services. Given that the provision of the Ancillary Construction Services requires different industry knowledge, technical expertise and/or licences, we do not carry out any works in relation to the Ancillary Construction Services nor enter into specific project contracts to provide any Ancillary Construction Service to our customers on a standalone basis. Instead, we outsource all the works in relation to the Ancillary Construction Services to our subcontractors who have the relevant expertise, experience and licences to carry out the works in relation to the Ancillary Construction Services, and our project management team supervises and manages our subcontractors in respect of such construction projects. As such, our Directors consider that there is a clear delineation between the roles of our Group and the subcontractors which provide the Ancillary Construction Services, the former being supervising and managing the construction projects and the latter being carrying out the ancillary construction works. We select our subcontractors from our approved list of qualified subcontractors for different types of works. As at the Latest Practicable Date, we maintained 203 qualified subcontractors on such list, including the Excluded Group. During the Track Record Period, the total service fee paid for the Ancillary Construction Services by our Group to the Excluded Group amounted to approximately MOP1.9 million, MOP0.8 million, MOP2.0 million and MOP0.2 million, respectively, which represented approximately 0.9%, 0.4%, 1.3% and 0.1% of our total subcontracting costs, respectively. Based on the foregoing, our Directors are of the view that the provision of the Ancillary Construction Services neither formed part of our core business nor are in line with our overall strategy to maintain and strengthen our market position as an integrated construction engineering contractor and power substations constructor in Macau.

- ***Different target customers*** – The target customers of the Ancillary Construction Business are entirely distinguishable from our target customers. The Ancillary Construction Business is targeted at the private and SME subcontractors, whereas our target customers are mostly government, property developers, hotel owners and/or sizeable project owners.

In view of the foregoing and given the different nature of businesses between our Group and the Excluded Group, our Directors are of the view that the businesses of the Excluded Group and our business are not in competition. Pursuant to the Deed of Non-Competition, details of which are set out in “Non-Competition undertakings” in this section, each of our Controlling Shareholders has undertaken not to engage in activities that compete with our core business.



---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

Our Directors are of the view that the Excluded Businesses are not significant to our core business, as they are considered to be ancillary and incidental to our core business, and they do not form part of our core business. Most of the construction materials we consumed are widely and readily available in the open market and there are multiple subcontractors which we can outsource the Ancillary Construction Services to. During the Track Record Period, we purchased our construction materials from different suppliers and engaged different subcontractors for the Ancillary Construction Services, the vast majority of whom are Independent Third Parties. As at the Latest Practicable Date, we maintained a list of 199 qualified suppliers whom we can procure construction materials from, and a list of 203 qualified subcontractors whom we can outsource works to, including the Excluded Group. Accordingly, the Excluded Group is merely among the many suppliers and subcontractors which we can purchase from or engage with. We also have established procedures for selecting suppliers and subcontractors, details of which are disclosed in “Business – Suppliers” and “Business – Subcontractors” of this prospectus. Accordingly, the exclusion of the Excluded Group from our Group will not materially and adversely affect our business, financial condition, results of operations and growth prospects.

Based on the unaudited management accounts and/or tax filings for the years ended 31 December 2014, 2015 and 2016 of the Excluded Group, the Excluded Group has, as a whole, recorded an aggregated net profit in each of the three years ended 31 December 2016.

To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, there had been no material non-compliance on the applicable laws and regulations committed by the Excluded Group.

### NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has undertaken to us in the Deed of Non-Competition that it/he will not, and will procure its/his close associates (other than members of our Group) not to directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with our business or undertaking (the “**Restricted Activity**”), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group from time to time except where our Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control 10% or more of the composition of the board of directors of such company.

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

Further, each of our Controlling Shareholders has undertaken to procure that if any new business investment or other business opportunity relating to the Restricted Activity (the “**Competing Business Opportunity**”) is identified by or made available to it/him or any of its/his/her close associates, it/he shall, and shall procure that its/his close associates shall, refer such Competing Business Opportunity to our Company on a timely basis and in the following manner:

- refer the Competing Business Opportunity to our Company by giving written notice (the “**Offer Notice**”) to our Company of such Competing Business Opportunity within 30 business days of identifying the target company (if relevant) and the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity;
- upon receiving the Offer Notice, our Company shall seek approval from our Board or a board committee (in each case comprising only independent non-executive Directors) which has no interest in the Competing Business Opportunity (the “**Independent Board**”) as to whether to pursue or decline the Competing Business Opportunity (any Director who has an actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity);
- the Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group’s strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision-making process in relation to such Competing Business Opportunity;
- the Independent Board shall, within 30 business days of receipt of the written notice referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity;
- our Controlling Shareholders shall be entitled but not obliged to pursue such Competing Business Opportunity if it/he has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 business days’ period mentioned above; and
- if there is material change in the nature, terms or conditions of such Competing Business Opportunity pursued by our Controlling Shareholders, it/he shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their close associates, taken together, cease to hold, whether directly or indirectly, 30% of the number of Shares in issue or our Shares cease to be listed on the Stock Exchange.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- each of our Controlling Shareholders has undertaken to us that it/he will provide all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition;
- we will disclose the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) either through our annual report or by way of announcement to the public;
- each of our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report; and
- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of non-Competition, he may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on its business independently of, and at arm's length from the Excluded Business, our Controlling Shareholders and their respective close associates (other than our Group) after Listing for the following reasons:

#### **Management Independence**

Our Board currently comprises two executive Directors and three independent non-executive Directors. Other than Mr. Kuok, none of our other Directors holds any directorship or senior management role in the Excluded Group. Mr. Kuok is a director for certain members

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

of the Excluded Group. He does not expect to devote substantial time in the management of the Excluded Group going forward save for attending from time to time the board meetings of members of the Excluded Group. It is expected that he will spend substantially all of his working time in the operations of our Group after Listing.

In the event that each of Mr. Kuok and Mr. Sou is required to absent himself from any board meeting on any matter which may give rise to a potential conflict of interest with the Excluded Group, our remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the directorship of Mr. Kuok in certain members of the Excluded Group, our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business on a full time basis independently from the Excluded Group for the following reasons:

- (a) none of the business undertaken or carried on by the Excluded Group competes with our core business, and there are adequate corporate governance measures in place to manage the existing and potential conflicts of interest. Therefore, the dual roles assumed by Mr. Kuok will not affect the requisite degree of impartiality of our executive Directors in discharging their fiduciary duties owed to our Company;
- (b) we have three independent non-executive Directors, and certain matters of our Group, including matters referred to in the Deed of Non-Competition, details of which are set out in “Non-Competition undertakings” in this section above, must always be referred to the independent non-executive Directors for review. This helps to enhance the independence of our management from that of the Excluded Group;
- (c) in the event of a conflict of interest, Mr. Kuok and Mr. Sou will abstain from voting, will not be present at the relevant Board meetings and will be excluded from deliberation by our Board. Hence, Mr. Kuok and Mr. Sou would not be able to influence our Board in making decisions on matters in which they are, or may be, interested. We believe all of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of a conflict of interest. Please refer to “Directors and senior management — Board of Directors” of this prospectus for a summary of the relevant experience and qualifications of our Directors; and
- (d) save as disclosed herein, our daily operations will be managed by our senior management team, none of whom holds any senior managerial position or directorship position within the Excluded Group.

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

### **Operational Independence**

We are independent from our Controlling Shareholders as we do not share operational capabilities with our Controlling Shareholders, and we have independent access to suppliers and customers, as well as an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently from our Controlling Shareholders.

Although we entered into certain continuing connected transactions for our Company which will continue after Listing, such transactions have been entered into and will continue to be entered into on normal commercial terms and in the ordinary course of business of our Company. Please refer to “Connected transactions” of this prospectus for details of the connected transactions that will continue after Listing.

### **Financial Independence**

All loans, advances and balances due from our Controlling Shareholders and their respective close associates will be fully settled and all loans, advances and balances due to our Controlling Shareholders and their respective close associates will be fully settled before the Listing. All share pledges and guarantees provided by/to our Controlling Shareholders and their respective close associates on our Group’s borrowing will be fully released upon Listing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates. In addition, we have our own internal control and accounting systems, accounts department for cash receipts and payment and independent access to third-party financing.

## **CORPORATE GOVERNANCE MEASURES**

Our Controlling Shareholders and their respective close associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that it/he fully comprehends its/his obligations to act as our Shareholders’ best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his or her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself from the board meetings on matters in which such Director his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they 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 an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in “Directors and senior management – Board of Directors – Independent non-executive Directors” of this prospectus; and
- (d) we have appointed Innovax Capital as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

---

## CONNECTED TRANSACTIONS

---

### OVERVIEW

Our Directors confirm that the following transactions will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules after the Listing.

**(A) Continuing connected transactions which are fully exempt from the reporting, annual review, announcement, circular and the independent shareholders' approval requirements**

**1. Tenancy Agreements**

*(i) Office Tenancy Agreement*

On 1 June 2017, EHY Construction and Engineering as tenant entered into a tenancy agreement (the “**Office Tenancy Agreement**”) with Mr. Kuok and Ms. Wong Fong Peng (“**Ms. Wong**”), who is the spouse of Mr. Kuok, as landlords (the “**Landlords**”), pursuant to which the Landlords agreed to lease to EHY Construction and Engineering a property situated at Units Q, R and S, 6/F, Praça Kin Heng Long-Heng Hoi Kuok, Kin Fu Kuok, No. 258 Alameda Dr. Carlos D’Assumpção, Macau (the “**Office Premises**”), with a total gross floor area of approximately 219.3 sq.m. for office use. The Office Premises is used as our head office. The Office Tenancy Agreement has a term commencing from 1 June 2017 and ending on 31 December 2019 (both days inclusive) at a monthly rental of MOP55,000 (inclusive of management fees, property tax, utilities fees and government rent). EHY Construction and Engineering has an option to renew the Office Tenancy Agreement by giving 90 days’ prior notice to the Landlords upon the expiration of the Office Tenancy Agreement, subject to the applicable requirements of the Listing Rules.

During the Track Record Period, EHY Construction and Engineering leased the Office Premises from the Landlords as its head office. The total amount of rental expenses paid by EHY Construction and Engineering in respect of the lease of the Office Premises for each of the three years ended 31 December 2016 and the eight months ended 31 August 2017 was MOP540,000, MOP540,000, MOP540,000 and MOP390,000, respectively. The rental expenses paid by EHY Construction and Engineering in respect of the lease of the Office Premises was approximately MOP220,000 for the four months ended 31 December 2017.

Our Directors estimate that the aggregate annual rental payable by EHY Construction and Engineering to the Landlords under the Office Tenancy Agreement will not exceed MOP660,000 and MOP660,000, for each of the two years ending 31 December 2019, respectively.

---

## CONNECTED TRANSACTIONS

---

The rental payable to the Landlords under the Office Tenancy Agreement was negotiated on an arm's length basis with reference to (a) the historical rent paid by EHY Construction and Engineering to the Landlords; and (b) the prevailing market conditions and the prevailing market rent for similar properties in the vicinity at the relevant time. The Office Tenancy Agreement was entered into on normal commercial terms.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional property valuer, has reviewed the terms of the Office Tenancy Agreement and confirmed such terms are on normal commercial terms under the prevailing market condition and the agreed monthly rental payable by our Group is fair and reasonable.

*(ii) Warehouse Tenancy Agreement*

On 1 July 2017, SHY Engineering Construction as tenant entered into a tenancy agreement (the "**Warehouse Tenancy Agreement**") with the Landlords pursuant to which the Landlords agreed to lease to SHY Engineering Construction a property situated at Unit J, 1/F, Edf. Industrial Cidade Nova, No. 61 Travessa dos Currais, Macau (the "**Warehouse Premises**"), with a total gross floor area of approximately 110.1 sq.m. for warehouse use. The Warehouse Tenancy Agreement has a term commencing from 1 May 2017 and ending on 31 December 2019 (both days inclusive) at a monthly rental of HK\$16,000 (inclusive of management fees, property tax, utilities fees and government rent). SHY Engineering Construction has an option to renew the Warehouse Tenancy Agreement by giving 90 days' prior notice to the Landlords upon the expiration of the Warehouse Tenancy Agreement, subject to the applicable requirements of the Listing Rules.

During the Track Record Period, SHY Engineering Construction leased the Warehouse Premises from the Landlords for storage use. The total amount of rental expenses paid by SHY Engineering Construction in respect of the lease of the Warehouse Premises for each of the three years ended 31 December 2016 and the eight months ended 31 August 2017 was MOP157,000, MOP192,000, MOP198,000 and MOP132,000, respectively. The rental expenses paid by SHY Engineering Construction in respect of the lease of the Warehouse Premises was HK\$64,000 or MOP66,000 for the four months ended 31 December 2017.

Our Directors estimate that the aggregate annual rental payable by SHY Engineering Construction to the Landlords under the Warehouse Tenancy Agreement will not exceed HK\$192,000 and HK\$192,000, or MOP198,000 and MOP198,000, for each of the two years ending 31 December 2019, respectively.

The rental payable to the Landlords under the Warehouse Tenancy Agreement was negotiated on an arm's length basis with reference to (a) the historical rent paid by SHY Engineering Construction to the Landlords; and (b) the prevailing market conditions and the prevailing market rent for similar properties in the vicinity at the relevant time. The Warehouse Tenancy Agreement was entered into on normal commercial terms.



---

## CONNECTED TRANSACTIONS

---

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional property valuer, has reviewed the terms of the Warehouse Tenancy Agreement and confirmed such terms are on normal commercial terms under the prevailing market condition and the agreed monthly rental payable by our Group is fair and reasonable.

We plan to acquire a warehouse in the northern region in Macau with a site area of not more than 15,000 sq.ft. to strengthen our storage facilities for equipment and machineries. Please refer to “Business – Our business strategies” and “Future plans and use of proceeds – Implementation plan” of this prospectus for details. After acquisition of the warehouse, our Group does not intend to renew the Warehouse Tenancy Agreement.

### *Implications under the Listing Rules*

Mr. Kuok is our executive Director and one of our Controlling Shareholders and Ms. Wong is the spouse of Mr. Kuok. As such, each of Mr. Kuok and Ms. Wong is a connected person of our Company under the Listing Rules.

Since the transactions contemplated under the Office Tenancy Agreement and the Warehouse Tenancy Agreement (the “**Tenancy Agreements**”) are similar in nature, the transactions contemplated under the Tenancy Agreements should be aggregated pursuant to the Listing Rules. Since each of the applicable percentage ratios (other than the profits ratio) for the Lease Agreements in aggregate is expected to be less than 5.0% and the annual consideration is expected to be less than HK\$3 million, the transactions contemplated under the Tenancy Agreements are fully exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### **2. Master Ancillary Construction Services Agreement**

On 23 January 2018, our Company entered into a master ancillary construction services agreement (the “**Master Ancillary Construction Services Agreement**”) with Mr. Sou, pursuant to which Mr. Sou and/or his associates (the “**Sou Companies**”) will provide and install HVAC, ELV, LV, P&D and fire services systems (the “**Ancillary Construction Services**”) to our Group for a term commencing from 1 January 2018 and ending on 31 December 2020.

For the three years ended 31 December 2016 and the eight months ended 31 August 2017, the total service fee paid for the Ancillary Construction Services by our Group to the Sou Companies amounted to approximately MOP1.9 million, MOP0.8 million, MOP2.0 million and MOP0.2 million, respectively. Based on the unaudited management accounts of our Group, no service fee was paid for the Ancillary Construction Services to the Sou Companies for the four months ended 31 December 2017. During the Track Record Period, one of the Sou Companies was engaged by our Group as a subcontractor

---

## CONNECTED TRANSACTIONS

---

of our construction contracting projects to perform certain Ancillary Construction Services. Since a number of quotations offered by other independent subcontractors in the year 2015 were more competitive than the Sou Companies, the number of projects that they successfully undertook in the year 2015, and therefore the transaction amounts, decreased as such.

Our Group is capable of carrying on its business independently of the Sou Companies as we can easily procure the Ancillary Construction Services from independent and qualified subcontractors in our approved list. Our Group is able to access to other subcontractors independently and the Ancillary Construction Services provided by the Sou Companies are available in the market at comparable market prices and quality. Our Directors believe that entering into of the Master Ancillary Construction Services Agreement would benefit our Group for the following reasons:

- (a) the provision of the Ancillary Construction Services by the Sou Companies to our Group has been and will be subject to our internal tendering process as described in the paragraph below;
- (b) the Sou Companies are familiar with our Group's specifications, standards and requirements;
- (c) our Group has confidence in the quality of Ancillary Construction Services provided by the Sou Companies based on our previous dealings with them; and
- (d) our Directors consider that it is crucial for our Group to maintain the stability in quality and availability of the Ancillary Construction Services for our existing and future needs. In view of our past working experience with the Sou Companies, our Directors are of the view that the Sou Companies can effectively fulfil our demand for the Ancillary Construction Services under the Master Ancillary Construction Services Agreement and our requirements of service quality.

Our Directors estimate that the maximum transaction amount under the Master Ancillary Construction Services Agreement will not exceed MOP2.0 million, MOP2.0 million and MOP2.0 million for each of the years ending 31 December 2018, 2019 and 2020, respectively. Such estimate is based on (a) the projected demand of the Ancillary Construction Services that our Group would require from the Sou Companies in view of our existing construction contracts and projects; and (b) the historical transaction amounts for the three years ended 31 December 2016 and the eight months ended 31 August 2017.

The price for the Ancillary Construction Services to be provided by the Sou Companies under the Master Ancillary Construction Services Agreement was determined with reference to the price at which comparable types of the Ancillary Construction Services that are provided by independent subcontractors to our Group under normal

---

## CONNECTED TRANSACTIONS

---

commercial terms in the ordinary course of its business and such price shall be no less favourable to our Group than is available from independent subcontractors. In considering whether to procure the Ancillary Construction Services from the Sou Companies, our Group will seek quotations from certain independent subcontractors from our approved list offering the same or comparable Ancillary Construction Services. Our Group will engage the Sou Companies for the Ancillary Construction Services if the price and quality of the services offered are comparable to or more favourable to our Group than those offered by independent subcontractors.

The Master Ancillary Construction Services Agreement is a framework agreement which provides the mechanism for the operation of the connected transaction described therein. It is envisaged that from time to time and as required, individual service contract may be required to be entered into between our Group and each of the Sou Companies. Each individual service contract will set out the relevant services to be provided by the respective Sou Companies to our Group, the fee for the Ancillary Construction Services and any detailed specifications which may be relevant to those services. The individual service contracts may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Master Ancillary Construction Services Agreement. As the individual service contracts will be simply further elaborations on the transactions contemplated by the Master Ancillary Construction Services Agreement, they will not constitute new categories of connected transactions as far as Listing Rules are concerned.

### *Implications under the Listing Rules*

Mr. Sou is our executive Director and one of our Controlling Shareholders. As such, Mr. Sou is a connected person of our Company under the Listing Rules. Accordingly, the transaction under the Master Ancillary Construction Services Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios (other than the profits ratio) for the Master Ancillary Construction Services Agreement is expected to be less than 5% and the annual consideration is expected to be less than HK\$3 million, the transactions contemplated under the Master Ancillary Construction Services Agreement are fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **(B) Continuing connected transactions which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements**

#### **3. Facility Management Services**

Our Group will continue to provide facilities management, alteration and maintenance works and services to certain subsidiaries of Customer A upon Listing.

---

## CONNECTED TRANSACTIONS

---

**(i) Melco Facility Management Services**

Our Group will continue to provide facilities management, alteration and maintenance works and services (the “**Melco Facility Management Services**”) to each of Altira Resorts Limited, COD Resorts Limited and Golden Future (Management Services) Limited (collectively, the “**Melco Project Owners**”) for the hotel resorts and other business properties in Macau owned/operated by the Melco Project Owners and/or their affiliates (the “**Melco Hotels**”) upon Listing. The following table summarises the Melco Facility Management Services which our Group will continue to provide upon Listing:

	Date of contract	Parties	Scope of work	Initial contract sum	Anticipated time of completion
1	6 October 2017	(a) EHY Construction and Engineering  (b) COD Resorts Limited	Provision of operation and maintenance services for energy centres and mechanical, electrical and plumbing systems of hotel complex	MOP50.4 million	Second quarter of 2020 <sup>(Note)</sup>
2	6 October 2017	(a) EHY Construction and Engineering  (b) Altira Resorts Limited	Provision of operation and maintenance services for energy centres and mechanical, electrical and plumbing systems of hotel complex	MOP24.1 million	Second quarter of 2020 <sup>(Note)</sup>
3	1 November 2017	(a) EHY Construction and Engineering  (b) COD Resorts Limited	Provision of door maintenance services for hotel complex	MOP2.96 million	Fourth quarter of 2019 <sup>(Note)</sup>
4	25 October 2017	(a) EHY Construction and Engineering  (b) COD Resorts Limited	Provision of repair and maintenance services for power substation and replacement of insulation oil of transformers of hotel complex	MOP2.4 million	First quarter of 2018

---

## CONNECTED TRANSACTIONS

---

	Date of contract	Parties	Scope of work	Initial contract sum	Anticipated time of completion
5	1 January 2018	(a) EHY Construction and Engineering  (b) Golden Future (Management Services) Limited	Provision of maintenance and repair services of office	MOP2.5 million	Fourth quarter of 2019 <sup>(Note)</sup>
6	1 November 2017	(a) EHY Construction and Engineering  (b) Altira Resorts Limited	Provision of door maintenance services for hotel complex	MOP1.0 million	Fourth quarter of 2019 <sup>(Note)</sup>
7	1 December 2017	(a) EHY Construction and Engineering  (b) Altira Resorts Limited	Provision of maintenance services for lighting system of hotel complex	MOP384,000	Fourth quarter of 2019 <sup>2</sup>
8	29 September 2017	(a) EHY Construction and Engineering  (b) COD Resorts Limited	Provision of maintenance services for uninterruptible power supply system of hotel complex	MOP200,000	Fourth quarter of 2019

*Note:* The parties have options to renew the term of services for a further term of two years, subject to the parties agreeing to such renewal and the applicable requirements of the Listing Rules.

We started to provide the Melco Facility Management Services to the Melco Project Owners in July 2017. For the three years ended 31 December 2016 and the eight months ended 31 August 2017, the revenue recognised by our Group in respect of the Melco Facility Management Services amounted to nil, nil, nil and MOP4.1 million, respectively. Based on the unaudited management accounts of our Group, our revenue derived from the Melco Facility Management Services is estimated to amount to approximately MOP12.1 million for the four months ended 31 December 2017.

Our Directors estimate that the maximum revenue to be recognised in respect of the Melco Facility Management Services will not exceed the annual caps of MOP30.4 million, MOP28.8 million and MOP12.7 million for each of the years ending 31 December 2018, 2019 and 2020, respectively. Such estimate is based on (a) the aggregate initial contractual amount of approximately MOP83.9 million for the Melco Facility Management Services which we had successfully secured as at

---

## CONNECTED TRANSACTIONS

---

the Latest Practicable Date through the tendering process of the Melco Project Owners and/or their affiliates; (b) the anticipated progress of work in respect of the Melco Facility Management Services; (c) the anticipated completion dates in respect of the Melco Facility Management Services, most of which will be completed within two years and the last of which will be completed by the second quarter of 2020; (d) the payment schedule between our Group and the Melco Project Owners under the underlying contracts; and (e) variation orders in respect of the Melco Facility Management Services which were projected based on approximately 5% of the initial contractual amount after making reference to the historical amount of variation orders under similar facility management services provided by our Group over the past three years, taking into account (i) the maintenance procedures and other works required for the Melco Hotels and their relevant systems; (ii) the frequency of maintenance works and emergency works; and (iii) the estimated manpower required for the Melco Facility Management Services.

The price for the Melco Facility Management Services to be charged by our Group was determined on a project-by-project basis through the tendering process, and has been priced on a cost-plus basis. In formulating prices for the Melco Facility Management Services, we took into account the costs for carrying out the services with reference to nature and complexity of the projects, maintenance schedule, labour costs and other factors. Please refer to “Business” of this prospectus for further details. Our tendering team (which comprises our senior management) determined the price for the Melco Facility Management Services by conducting the preliminary costing and pricing analysis as disclosed in “Business” of this prospectus to ensure that terms in the tender were under normal commercial terms in the ordinary course of our business and such price was no more favourable to the Melco Project Owners than was available to other independent project owners.

It is envisaged that from time to time and as required, individual variation orders may be required to be entered into between our Group and the Melco Project Owners and/or their affiliates during the course of the provision of Melco Facility Management Services by our Group. Each individual variation order will set out the scope of, and the fee (if any) for, the maintenance and repair services required and any detailed specifications which may be relevant to the services. The terms of the orders will be on normal commercial terms and will be no more favourable to the Melco Project Owners than was available to other independent project owners. As these orders will be entered into in connection with and will be of similar nature with the Melco Facility Management Services, they do not constitute new categories of connected transactions as far as Listing Rules are concerned.

Our Directors believe that the Melco Facility Management Services to be undertaken by our Group would benefit our Group as the revenue received by our Group from the Melco Project Owners in respect of the Melco Facility Management Services will provide an additional, reliable and stable source of income for our Group.

---

## CONNECTED TRANSACTIONS

---

**(ii) SC Facility Management Services**

Our Group will continue to provide facilities management, alteration and maintenance works and services (the “**SC Facility Management Services**”) to Studio City Hotels Limited (the “**SC Project Owner**”) for a hotel resort in Cotai, Macau owned/operated by the SC Project Owner and/or its affiliates (the “**SC Hotel**”) upon Listing. The following table summarises the SC Facility Management Services which our Group will continue to provide upon Listing:

	Date of contract	Parties	Scope of work	Initial contract sum	Anticipated time of completion
1	6 October 2017	(a) EHY Construction and Engineering  (b) Studio City Hotels Limited	Provision of operation and maintenance services for energy centres and mechanical, electrical and plumbing systems of hotel complex	MOP49.0 million	Third quarter of 2020 <sup>(Note)</sup>
2	1 November 2017	(a) EHY Construction and Engineering  (b) Studio City Hotels Limited	Provision of door maintenance services for hotel complex	MOP3.33 million	Fourth quarter of 2019 <sup>(Note)</sup>
3	17 January 2018	(a) EHY Construction and Engineering  (b) Studio City Hotels Limited	Provision of repair and maintenance services for hotel rooms, guest lift lobby, guest floor corridor and gaming area at the SC Hotel	MOP1.03 million	Fourth quarter of 2019
4	13 September 2017	(a) EHY Construction and Engineering  (b) Studio City Hotels Limited	Provision of maintenance services of partition wall at the SC Hotel	MOP242,000	Third quarter of 2019
5	29 September 2017	(a) EHY Construction and Engineering  (b) Studio City Hotels Limited	Provision of maintenance services for uninterruptible power supply system of hotel complex	MOP78,000	Fourth quarter of 2019

*Note:* The parties have option to renew the term of services for a further term of two years, subject to the parties agreeing to such renewal and the applicable requirements of the Listing Rules.

---

## CONNECTED TRANSACTIONS

---

There were no historical transaction amounts for the three years ended 31 December 2016 and the eight months ended 31 August 2017 as the transactions have only commenced in October 2017. Based on the unaudited management accounts of our Group, our revenue derived from the SC Facility Management Services is estimated to amount to approximately MOP4.4 million for the four months ended 31 December 2017.

Our Directors estimate that the maximum revenue to be recognised in respect of the SC Facility Management Services will not exceed the annual caps of MOP19.8 million, MOP19.4 million and MOP12.8 million for each of the years ending 31 December 2018, 2019 and 2020, respectively. Such estimate is based on (a) the aggregate initial contractual amount of approximately MOP53.7 million for the SC Facility Management Services which we had successfully secured as at the Latest Practicable Date through the tendering process of the SC Project Owner and/or its affiliates; (b) the anticipated progress of work in respect of the SC Facility Management Services; (c) the anticipated completion dates in respect of the SC Facility Management Services, most of which will be completed within two years and the last of which will be completed by the third quarter of 2020; (d) the payment schedule between our Group and the SC Project Owner under the underlying contracts; and (e) variation orders in respect of the SC Facility Management Services which were projected based on approximately 5% of the initial contractual amount after making reference to the historical amount of variation orders under similar facility management services provided by our Group over the past three years, taking into account (i) the maintenance procedures and other works required for the SC Hotel and its relevant systems; (ii) the frequency of maintenance works and emergency works; and (iii) the estimated manpower required for the SC Facility Management Services.

The price for the SC Facility Management Services to be charged by our Group was determined on a project-by-project basis through the tendering process, and has been priced on a cost-plus basis. In formulating prices for the SC Facility Management Services, we took into account the costs for carrying out the services with reference to nature and complexity of the projects, maintenance schedule, labour costs and other factors. Please see “Business” of this prospectus for further details. Our tendering team (which comprises our senior management) determined the price for the SC Facility Management Services by conducting the preliminary costing and pricing analysis as disclosed in “Business” of this prospectus to ensure that terms in the tender were under normal commercial terms in the ordinary course of our business and such price was no more favourable to the SC Project Owner than was available to other independent project owners.

It is envisaged that from time to time and as required, individual variation orders may be required to be entered into between our Group and the SC Project Owner and/or its affiliates during the course of the provision of the SC Facility Management Services by our Group. Each individual variation order will set out the



---

## CONNECTED TRANSACTIONS

---

scope of, and the fee (if any) for, the maintenance and repair services repaired and any detailed specifications which may be relevant to the services. The terms of the orders will be on normal commercial terms and will be no more favourable to SC Project Owner than was available to other independent project owners. As these orders will be entered into in connection with and will be of similar nature with the SC Facility Management Services, they do not constitute new categories of connected transactions as far as Listing Rules are concerned.

Our Directors believe that the SC Facility Management Services to be undertaken by our Group would benefit our Group as the revenue received by our Group from the SC Project Owner in respect of the SC Facility Management Services will provide an additional, reliable and stable source of income for our Group.

### *Implications under the Listing Rules*

As at the Latest Practicable Date, each of the Melco Project Owners was an indirect wholly owned subsidiary of Customer A, which was owned as to approximately 51.22% by Melco International Development Limited, which was in turn owned as to approximately 53.19% (including beneficial interest, interest of his controlled corporations and interest of a trust in which he is one of the beneficiaries and taken to have interest by virtue of the SFO) by Mr. Ho, one of our substantial Shareholders. As such, each of the Melco Project Owners is a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Melco Facility Management Service Agreements will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As at the Latest Practicable Date, the SC Project Owner was indirectly owned as to 60% by Customer A, a company which was owned as to approximately 51.22% by Melco International Development Limited, which was in turn owned as to approximately 53.19% (including beneficial interest, interest of his controlled corporations and interest of a trust in which he is one of the beneficiaries and taken to have interest by virtue of the SFO) by Mr. Ho, one of our substantial Shareholders. As such, the SC Project Owner is a connected person of our Company under the Listing Rules. Accordingly, the transactions under the SC Facility Management Service Agreements will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

---

## CONNECTED TRANSACTIONS

---

Since the Melco Facility Management Services and the SC Facility Management Services (the “**Facility Management Services**”) are similar in nature, the transactions in respect of the Facility Management Services should be aggregated pursuant to the Listing Rules. The aggregated annual cap amounts in respect of the Facility Management Services are as follows:

	<b>Proposed annual cap</b>		
	<b>for the year ending 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>MOP million</i>	<i>MOP million</i>	<i>MOP million</i>
Melco Facility Management Services	30.4	28.8	12.7
SC Facility Management Services	19.8	19.4	12.8
<b>Aggregate</b>	<b>50.2</b>	<b>48.2</b>	<b>25.5</b>

Since one or more of the applicable percentage ratios (other than the profits ratio) for the Facility Management Services in aggregate is expected to be more than 5% on an annual basis, the transactions under the Facility Management Services are subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

#### **4. Project and Supply Works**

Our Group will continue to provide structural steelworks, civil engineering construction, and fitting out and renovation works to certain subsidiaries of Customer A upon Listing.

---

## CONNECTED TRANSACTIONS

---

**(i) Melco Project and Supply Works**

Our Group will continue to provide structural steelworks, civil engineering construction, and fitting out and renovation works to COD Resorts Limited (the “**Melco Company**”) for the Melco Hotels (the “**Melco Project and Supply Works**”) upon Listing. The following table summarises the Melco Project and Supply Works which we will continue to provide upon Listing:

	Date of contract	Parties	Scope of work	Initial contract sum	Anticipated time of completion
1	4 November 2016	(a) EHY Construction and Engineering (b) COD Resorts Limited	Supply and installation of internal atrium package and exoskeleton	MOP128.4 million	Second quarter of 2018 <i>(Note)</i>
2	30 October 2016	(a) EHY Construction and Engineering (b) COD Resorts Limited	Provision of site management service	MOP74.2 million	Third quarter of 2018 <i>(Note)</i>
3	31 October 2016	(a) EHY Construction and Engineering (b) COD Resorts Limited	Supply, installation, testing and commissioning of metal doors, fire shutters, fire curtain and linen chute works	MOP62.8 million	Second quarter of 2018 <i>(Note)</i>
4	20 July 2017	(a) EHY Construction and Engineering (b) COD Resorts Limited	Demolition and structural modification of MLP Projects	MOP20.8 million	First quarter of 2018 <i>(Note)</i>
5	15 March 2017	(a) EHY Construction and Engineering (b) COD Resorts Limited	Main contract works for crown porte cochere	MOP21.5 million	Fourth quarter of 2017 <i>(Note)</i>
6	27 July 2017	(a) EHY Construction and Engineering (b) COD Resorts Limited	Signboard demolition and LED signboard installation	MOP5.5 million	Fourth quarter of 2017 <i>(Note)</i>
7	11 October 2017	(a) EHY Construction and Engineering (b) COD Resorts Limited	Supply, installation and delivery of furniture for hotel lounge and gaming salon	MOP4.6 million	First quarter of 2018
8	7 December 2017	(a) EHY Construction and Engineering (b) COD Resorts Limited	Dismantle and removal of signage at the Melco Hotel	MOP1.4 million	First quarter of 2018
9	17 October 2017	(a) EHY Construction and Engineering (b) COD Resorts Limited	Supply, installation and delivery of furniture at the Melco Hotel	MOP858,000	First quarter of 2018

*Note:* With a defects liability period of 12 months from the date of completion.

---

## CONNECTED TRANSACTIONS

---

For each of the three years ended 31 December 2016 and the eight months ended 31 August 2017, our revenue derived from the Melco Project and Supply Works amounted to approximately MOP141.0 million, MOP5.7 million, MOP5.7 million and MOP192.5 million, respectively. Based on the unaudited management accounts of our Group, our revenue derived from the Melco Project and Supply Works is estimated to amount to approximately MOP124.2 million for the four months ended 31 December 2017. During the Track Record Period, we provided the Melco Project Owners and/or their affiliates with the Melco Project and Supply Works on a project-by-project basis for various types of Melco Project and Supply Works, including but not limited to structural steelworks, demolition works and site management. The historical transaction amount for the year ended 31 December 2015 decreased as compared to the year ended 31 December 2014 was mainly due to the completion of a large-scale project in the year ended 31 December 2014. The increase in the revenue derived from the Melco Project and Supply Works for the eight months ended 31 August 2017 was mainly attributable to the progress payments we have received from the Melco Company in accordance with the terms of the relevant contracts awarded to us since late 2016.

Our Directors estimate that the maximum revenue to be recognised in relation to the Melco Project and Supply Works will not exceed the annual cap of MOP115.4 million for the year ending 31 December 2018. Such estimate is based on (a) the aggregate initial contractual amount of approximately MOP320.1 million for the Melco Project and Supply Works which we had successfully secured as at the Latest Practicable Date through the tendering process of the Melco Company and/or its affiliates; (b) the anticipated progress of work in respect of the Melco Project and Supply Works; (c) the anticipated completion dates in respect of the Melco Project and Supply Works, all of which will be completed within one year and the last of which will be completed by the third quarter of 2018; (d) the payment schedule between our Group and the Melco Company under the underlying contracts; (e) variation orders in respect of the Melco Project and Supply Works which were projected based on approximately 35% of the initial contractual amount after making reference to the amount of actual variation orders (which amounted to approximately 34.8% of the initial contractual amount) received by our Group in relation to the Melco Project and Supply Works up to the Latest Practicable Date; and (f) actual revenue derived from the Melco Project and Supply Works for the three years ended 31 December 2016 and the eight months ended 31 August 2017.

---

## CONNECTED TRANSACTIONS

---

The price for the Melco Project and Supply Works charged by our Group was determined on a project-by-project basis through the tendering process, after taking into account nature and complexity of projects, technical requirements, construction schedule, subcontracting work, material and labour costs and other factors. Please refer to “Business” of this prospectus for further details. Our tendering team (which comprise our senior management) determined the price for the Melco Project and Supply Works by conducting the preliminary costing and pricing analysis as disclosed in “Business” of this prospectus to ensure that terms in the tenders were under normal commercial terms in the ordinary course of our business and such price was no more favourable to the Melco Company than was available to other independent project owners.

It is envisaged that from time to time and as required, individual variation orders may be required to be entered into between our Group and the Melco Company and/or its affiliates. Each individual variation order will set out the scope of, and the fee (if any) for, the Melco Project and Supply Works and any detailed specifications which may be relevant to the services. The terms of the orders will be on normal commercial terms and will be no more favourable to the Melco Company than was available to other independent project owners. As these orders will be entered into in connection with and will be of similar nature with the Melco Project and Supply Works, they do not constitute new categories of connected transactions as far as Listing Rules are concerned.

Our Directors believe that the Melco Project and Supply Works undertaken by our Group have benefitted, and will continue to benefit, our Group as the revenue received by our Group from the Melco Company in relation to the Melco Project and Supply Works will continue to provide an additional, reliable and stable source of income for our Group.

---

## CONNECTED TRANSACTIONS

---

**(ii) SC Project and Supply Works**

Our Group will continue to provide structural steelworks, civil engineering construction, and fitting out and renovation works to Studio City Developments Limited and Studio City Hotels Limited (the “**SC Companies**”) for the SC Hotel (the “**SC Project and Supply Works**”) upon Listing. The following table summarises the SC Project and Supply Works which we will continue to provide upon Listing:

	Date of contract	Parties	Scope of work	Initial contract sum	Anticipated time of completion
1	20 July 2017	(a) EHY Construction and Engineering  (b) Studio City Developments Limited	Design and built of entrance of hotel	MOP35.1 million	First quarter of 2018 <i>(Note)</i>
2	4 December 2017	(a) EHY Construction and Engineering  (b) Studio City Developments Limited	Gate entrance connection works	MOP4.0 million	First quarter of 2018
3	18 October 2017	(a) EHY Construction and Engineering  (b) Studio City Developments Limited	Installation of working platforms at cooling towers	MOP2.4 million	First quarter of 2018 <i>(Note)</i>
4	1 November 2017	(a) EHY Construction and Engineering  (b) Studio City Hotels Limited	Provision of stagehands, riggers support and bearing lubrication services	MOP2.0 million	Fourth quarter of 2018
5	(i) 25 October 2017 (ii) 15 November 2017 (iii) 17 November 2017 (iv) 21 November 2017 (v) 29 November 2017	(a) EHY Construction and Engineering  (b) Studio City Developments Limited	Supply, installation and delivery of furniture and lighting at the SC Hotel	MOP1.4 million	First quarter of 2018
6	4 December 2017	(a) EHY Construction and Engineering  (b) Studio City Developments Limited	Supply and installation of vertical signage system at the SC Hotel	MOP97,000	First quarter of 2018

*Note:* With a defects liability period of 12 months from the date of completion.

---

## CONNECTED TRANSACTIONS

---

For each of the three years ended 31 December 2016 and the eight months ended 31 August 2017, our revenue derived from the SC Project and Supply Works amounted to approximately MOP54.5 million, MOP47.6 million, MOP12.0 million and MOP14.0 million, respectively. Based on the unaudited management accounts of our Group, our revenue derived from the SC Project and Supply Works is estimated to amount to approximately MOP22.5 million for the four months ended 31 December 2017. During the Track Record Period, we provided the SC Companies and/or their affiliates with the SC Project and Supply Works on a project-by-project basis for various types of SC Project and Supply Works, including but not limited to construction of substations. The revenue derived from the SC Project and Supply Works for the year ended 31 December 2016 decreased as compared to the year ended 31 December 2015 was mainly due to the completion of a large-scale project for the SC Hotel in the year ended 31 December 2015.

Our Directors estimate that the maximum revenue to be recognised in relation to the SC Project and Supply Works will not exceed the annual cap of MOP13.0 million the year ending 31 December 2018. Such estimate is based on (a) the aggregate initial contractual amount of approximately MOP45.0 million for the SC Project and Supply Works which we had successfully secured as at the Latest Practicable Date through the tendering process of the SC Companies and/or their affiliates; (b) the anticipated progress of work in respect of the SC Project and Supply Works; (c) the anticipated completion dates in respect of the SC Project and Supply Works, all of which will be completed within one year and the last of which will be completed by the fourth quarter of 2018; (d) the payment schedule between our Group and the SC Companies under the underlying contracts; (e) variation orders in respect of the SC Project and Supply Works which were projected based on approximately 10% of the initial contractual amount after making reference to the historical amount of variation orders under similar projects undertaken by our Group over the past three years; and (f) actual revenue derived from the SC Project and Supply Works for the three years ended 31 December 2016 and eight months ended 31 August 2017.

The price for the SC Project and Supply Works charged by our Group was determined on a project-by-project basis through the tendering process, after taking into account nature and complexity of projects, technical requirements, construction schedule, subcontracting work, material and labour costs and other factors. Please refer to “Business” of this prospectus for further details. Our tendering team (which comprise our senior management) determined the price for the SC Project and Supply Works by conducting the preliminary costing and pricing analysis as disclosed in “Business” of this prospectus to ensure that terms in the tenders were under normal commercial terms in the ordinary course of our business and such price was no more favourable to the SC Companies than was available to other independent project owners.

---

## CONNECTED TRANSACTIONS

---

It is envisaged that from time to time and as required, individual variation orders may be required to be entered into between our Group and the SC Companies and/or their affiliates. Each individual variation order will set out the scope of, and the fee (if any) for, the SC Projects and Supply Works and any detailed specifications which may be relevant to the services. The terms of the order will be on normal commercial terms and will be no more favourable to the SC Companies than was available to other independent project owners. As these orders will be entered into in connection with and will be of similar nature with the SC Project and Supply Works, they will not constitute new categories of connected transactions as far as Listing Rules are concerned.

Our Directors believe that the SC Project and Supply Works undertaken by our Group has benefitted, and will continue to benefit, our Group as the revenue received by our Group from the SC Companies in relation to the SC Project and Supply Works will continue to provide an additional, reliable and stable source of income for our Group.

### *Implications under the Listing Rules*

As at the Latest Practicable Date, the Melco Company was an indirect wholly owned subsidiary of Customer A, which was owned as to approximately 51.22% by Melco International Development Limited, which was in turn owned as to approximately 53.19% (including beneficial interest, interest of his controlled corporations and interest of a trust in which he is one of the beneficiaries and taken to have interest by virtue of the SFO) by Mr. Ho, one of our substantial Shareholders. As such, the Melco Company is a connected person of our Company under the Listing Rules. Accordingly, the transactions in relation to the Melco Project and Supply Works will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As at the Latest Practicable Date, each of the SC Company was indirectly owned as to 60% by Customer A, a company which was owned as to approximately 51.22% by Melco International Development Limited, which was in turn owned as to approximately 53.19% (including beneficial interest, interest of his controlled corporations and interest of a trust in which he is one of the beneficiaries and taken to have interest by virtue of the SFO) by Mr. Ho, one of our substantial Shareholders. As such, each of the SC Company is a connected person of our Company under the Listing Rules. Accordingly, the transactions in relation to the SC Project and Supply Works will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.



---

## CONNECTED TRANSACTIONS

---

Since the transactions in relation to the Melco Project and Supply Works and the SC Project and Supply Works (the “**Project and Supply Works**”) are similar in nature, the transactions in relation to the Project and Supply Works should be aggregated pursuant to the Listing Rules. The aggregated annual cap amounts in respect of the Project and Supply Works are as follows:

	<b>Proposed annual cap for the year ending 31 December 2018</b> <i>MOP million</i>
Melco Project and Supply Works	115.4
SC Project and Supply Works	<u>13.0</u>
<b>Aggregate</b>	<u><u>128.4</u></u>

Since one or more of the applicable percentage ratios for the Project and Supply Works in aggregate is expected to be more than 5% on an annual basis, the transactions in relation to the Project and Supply Works are subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### WAIVERS

The transactions under the Tenancy Agreements (on an aggregated basis) and the Master Ancillary Construction Services Agreement constitute exempt continuing connected transactions under the Listing Rules.

The transactions in relation to the Facility Management Services (on an aggregated basis) and the Project and Supply Works (on an aggregated basis) constitute non-exempt continuing connected transactions under the Listing Rules.

In respect of the transactions in relation to the Facility Management Services (on an aggregated basis) and the Project and Supply Works (on an aggregated basis), one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules and calculated with reference to the proposed annual caps for each of the years shown above in aggregate, is expected to be more than 5% on an annual basis. As such, the non-exempt continuing connected transactions in relation to the Facility Management Services and the Project and Supply Works will be subject to reporting, annual review, announcement, circular and independent shareholders’ approval requirements under the Listing Rules.

---

## **CONNECTED TRANSACTIONS**

---

We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement and independent shareholders' approval requirements of the Listing Rules in respect of the continuing connected transactions in relation to the Facility Management Services and the Project and Supply Works subject to the aggregate value of the non-exempt continuing connected transactions for each financial year not exceeding the relevant annual cap amount set forth in the respective caps stated above.

### **DIRECTORS' VIEW**

Our Directors, including the independent non-executive Directors, consider that all the continuing connected transactions above are conducted on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole and are in the ordinary and usual course of our business. Our Directors, including the independent non-executive Directors, are also of the view that the annual caps of the non-exempt continuing connected transaction above are fair and reasonable and in the interest of our Shareholders, as a whole.

### **SOLE SPONSOR'S VIEW**

The Sole Sponsor is of the view that the continuing connected transactions in relation to the Facility Management Services and the Project and Supply Works have been entered into in the ordinary and usual course of our business, on normal commercial terms and are fair and reasonable and in the interest of our Shareholders as a whole. The Sole Sponsor is also of the view that the respective annual caps are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### BOARD OF DIRECTORS

Our Board currently consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and for the increase or reduction of our registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have entered into a service contract with each of our executive Directors. We have also entered into a letter of appointment with each of our independent non-executive Directors.

The table below shows certain information in respect of members of our Board and senior management:

#### Members of our Board

<u>Name</u>	<u>Age</u>	<u>Date of joining our Group</u>	<u>Date of appointment as Director</u>	<u>Existing position in our Company</u>	<u>Roles and responsibilities</u>
Mr. Kuok Lam Sek (郭林錫)	55	15 December 2000	8 May 2017	Executive Director and chairman	Overall management and strategic planning of our Group
Mr. Sou Kun Tou (蘇冠濤)	51	1 December 2006	8 May 2017	Executive Director, chief executive officer and deputy chairman	Day-to-day business operations of our Group
Ms. Chan Po Yi, Patsy (陳寶儀)	53	23 January 2018	23 January 2018	Independent non-executive Director	Supervising and providing independence advice to the Board
Mr. Cheung Kiu Cho, Vincent (張翹楚)	42	23 January 2018	23 January 2018	Independent non-executive Director	Supervising and providing independence advice to the Board
Dr. Ngan Matthew Man Wong (顏文煌)	77	23 January 2018	23 January 2018	Independent non-executive Director	Supervising and providing independence advice to the Board

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### Members of our senior management

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing Position in our Company	Roles and Responsibilities
Mr. Lam Kuok Wa (林國華)	43	25 March 2007	25 March 2007	Chief operating officer	Project management and supervision of our constructions
Mr. Lao Ka Wa (劉家華)	43	1 January 2008	1 January 2008	Vice president	Project coordination and worksite supervision of our constructions
Ms. Tam Wing Yee (譚詠儀)	36	7 July 2017	7 July 2017	Finance manager and company secretary	Finance, accounting and company secretarial matters of our Group

### Executive Directors

**Mr. Kuok Lam Sek**, aged 55, was appointed as a Director in May 2017 and was re-designated as an executive Director on 6 July 2017. Mr. Kuok is the chairman of our Company and a director of all of our subsidiaries. He is responsible for the overall management and strategic planning of our Group.

Mr. Kuok has over 35 years of experience in the construction industry. Prior to establishing Engenharia Hung Yip, Mr. Kuok worked as a contractor worker in various construction contractors in Macau, where he commenced his career in the engineering and construction industry. In December 2000, Mr. Kuok founded Engenharia Hung Yip which was then engaged in the steel structure works, where he served as a director and was responsible for the project management and management of various kinds of large scale construction projects (including construction work for the 4th East Asian Games in Macau). He finished his secondary school education at Chaoyang Guiyu Secondary School\* (潮陽市貴嶼中學) in September 1981.

Mr. Kuok was a director of Kuok's Investment Holding Company Limited, Autoduct Holdings Company Limited and Hung Yip Group Holdings Company Limited, all of which were solvent and incorporated in the British Virgin Islands prior to their respective struck off. Each of Kuok's Investment Holding Company Limited, Autoduct Holdings Company Limited and Hung Yip Group Holdings Company Limited was inactive and struck off from the BVI Register of Companies on 27 November 2014 as a result of not having a registered agent appointed in the BVI. Mr. Kuok was also a director of Hung Yip Group Holdings Company Limited which was solvent and incorporated in Hong Kong prior to its dissolution. Hung Yip Group Holdings Company Limited was an investment holding company and was dissolved by

---

## DIRECTORS AND SENIOR MANAGEMENT

---

deregistration by the Registrar of Companies in Hong Kong pursuant to section 751 of the Companies Ordinance on 19 February 2016. Mr. Kuok has confirmed that, as at the Latest Practicable Date, no claims has been made against him and he was not aware of any threatened and potential claims made against him and there are no outstanding claims and/or liabilities as a result of the dissolutions of the above companies.

Mr. Kuok is one of our Controlling Shareholders.

**Mr. Sou Kun Tou**, aged 51, was appointed as a Director in May 2017 and was re-designated as an executive Director on 6 July 2017. Mr. Sou is the chief executive officer, deputy chairman of our Company and a director of all of our subsidiaries. He is responsible for the day-to-day business operations of our Group.

Mr. Sou has over 29 years of experience in the construction industry. Prior to joining our Group, Mr. Sou served as an assistant engineer at the planning and development department of Macau Water Supply Co., Ltd., a company which is engaged in water treatment, from August 1988 to December 1989 where he was primarily responsible for assisting engineers in engineering related works. From December 1989 to September 1994, Mr. Sou served as the general manager at Decol Ltd., a provider primarily engaged in electrical and mechanical services work, where he was primarily responsible for designing and managing electrical and mechanical projects. From October 1994 to November 2006, Mr. Sou held various positions at the Macau government and last served as the Chiefe de Divisao de Equipamentos Urbanos, Deste Instituto (民政總處設備處處長) and was primarily responsible for overseeing electrical and mechanical matters.

Mr. Sou obtained his bachelor's degree of precision mechanical engineering, majoring in mechanical manufacturing technology and equipment, from Huaqiao University in China in July 1988. He obtained his master of electromechanical engineering from the Universidade de Macau in August 2002. Mr. Sou was admitted as an engineer by DSSOPT (土地工務運輸司) in May 1991.

Mr. Sou was a director of Sou's Investment Holding Company Limited, Autoduct Holdings Company Limited and Hung Yip Group Holdings Company Limited, all of which were solvent and incorporated in the British Virgin Islands prior to their respective struck off. Each of Sou's Investment Holding Company Limited, Autoduct Holdings Company Limited and Hung Yip Group Holdings Company Limited was inactive and struck off from the BVI Register of Companies on 27 November 2014 as a result of not having a registered agent appointed in the BVI. Mr. Sou was also a director of Hung Yip Group Holdings Company Limited which was solvent and incorporated in Hong Kong prior to its dissolution. Hung Yip Group Holdings Company Limited was an investment holding company and was dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to section 751 of the Companies Ordinance on 19 February 2016. Mr. Sou has confirmed that, as at the Latest Practicable Date, no claims has been made against him and he was not aware of any threatened and potential claims made against him and there are no outstanding claims and/or liabilities as a result of the dissolutions of above companies.

Mr. Sou is one of our Controlling Shareholders.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### Independent Non-executive Directors

**Ms. Chan Po Yi, Patsy**, aged 53, was appointed as an independent non-executive Director on 23 January 2018. Ms. Chan joined Richemont Luxury Group, one of the global luxury goods companies, in 1997 and is the chief operating officer of Richemont Luxury (Singapore) Pte Ltd., where she is responsible for overseeing its operations in Singapore. With more than 20 years of experience in several prestigious multinational corporations, Ms. Chan leads such company in maximising operational efficiency and cost effectiveness with knowledge in risk management and corporate governance as well as in-depth perception in strategic planning and performance measurement development. During the period from 1996 to 1997, Ms. Chan served as the financial controller at Marsh & McLennan Limited, a global professional services firm, where she was primarily responsible for the financial control. From November 2013 to July 2017, Ms. Chan served as an independent non-executive director and a member of the audit committee of MelcoLot Limited (now known as Loto Interactive Limited), a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8198) whose subsidiaries are principally engaged in the lottery business in the PRC.

Ms. Chan received her bachelor of commerce in Accounting from the University of New South Wales in April 1988 and completed the Luxury Brand Management Executive Program at ESSEC Business School in October 2007, respectively. She was admitted as a certified practicing accountant of CPA Australia (formerly known as the Australian Society of Certified Practicing Accountants) in October 1992.

**Mr. Cheung Kiu Cho, Vincent**, aged 42, was appointed as our independent non-executive Director on 23 January 2018. Mr. Cheung has over 20 years of experience in real estate industry and assets valuations section. From February 2001 to February 2003, Mr. Cheung held various positions at Debenham Tie Leung (now known as Cushman & Wakefield), where he was responsible for land matters and statutory valuations. From March 2003 to May 2005, Mr. Cheung served various positions at Sallmanns, a corporate valuation and consultancy firm, and last served as a member of the management of the China valuation and real estate advisory group, where he was responsible for corporate valuation and real estate advisory in Hong Kong and China and successfully handled some sizeable companies which had required valuation and advisory services for the purpose of the listing of their shares on the Stock Exchange. From June 2005 to July 2006, Mr. Cheung served as an associate director at RHL Appraisal Limited, a consultancy firm, where he was responsible for the corporation valuation and advisory in Hong Kong and Mainland China. During the period from August 2006 to December 2015, Mr. Cheung joined Cushman & Wakefield Valuation Advisory Services (HK) Limited, a global real estate services firm, and last served as an executive director and Head of Valuation and Advisory, Greater China where he was responsible for overseeing its operations in China. Since January 2016, Mr. Cheung has served as the executive director and subsequently deputy managing director of valuation and advisory services division in Asia at Colliers International (Hong Kong) Limited, a global real estate firm, where he is responsible for providing valuation and corporate advisory services across Asia including development consultancy, feasibility studies, market studies, cost analysis and plant and machinery valuations of specialised development projects such as hotels and resorts, airports, sports and

---

## DIRECTORS AND SENIOR MANAGEMENT

---

events venues, waterfronts and ports, retail and healthcare facilities, and has advised his clients in various acquisition and disposal of construction projects, which enables him to understand and evaluate the various factors, including costs, timeframe, materials, design and methods, that are relevant to a particular construction project. Mr. Cheung has been an independent non-executive director and a member of the audit committee of Lisi Group (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 526) which is primarily engaged in manufacturing and trading of household products, operation of department stores and supermarkets, wholesale of wine and beverages and electrical appliances, since June 2006, and an independent non-executive director and a member of the audit committee of RMH Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8437) which is primarily engaged in provision of medical and surgical services in dermatology in Singapore, since September 2017.

Mr. Cheung obtained his bachelor of science degree (Honours) in real estate from the Hong Kong Polytechnic University in November 1997 and obtained his master of business administration in international management from the University of London (in association with Royal Holloway and Bedford New College) in December 2003, respectively. He was elected a member of the Hong Kong Institute of Surveyors in February 2002, a fellow of the Royal Institution of Chartered Surveyors in August 2015 and a member of the Institute of Shopping Centre Management in May 2016, respectively. Mr. Cheung was admitted as a registered valuer of the Royal Institution of Chartered Surveyors in June 2013, a registered professional surveyor in general practice division by the Surveyors Registration Board in Hong Kong in July 2003 and a property valuer on the “List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers” of the Hong Kong Institute of Surveyors in April 2005, respectively. He was also admitted as member of Hong Kong Securities and Investment Institute in June 2017.

**Dr. Ngan Matthew Man Wong**, aged 77, was appointed an independent non-executive Director on 23 January 2018. Dr. Ngan is a registered doctor and has been practicing medicine for almost 40 years specialising in radiology. From July 2001 to September 2002, Dr. Ngan served as the chief executive officer of Sonic Healthcare Asia Limited, a healthcare organisation, where he was responsible for radiological matters in Hong Kong. Dr. Ngan has been appointed as medical consultant of various private medical institutions, including iRad Medical Diagnostic Center in Hong Kong since 2005. During the period from August 2002 to March 2006, he served as an independent non-executive director of Plasmagene Biosciences Limited (now known as Silk Road Energy Services Group Limited), a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8250) which was then engaged in the provision of diagnostic testing services. He was the chairman of its audit committee from April 2004 to March 2006.

Dr. Ngan obtained his bachelor of medicine and bachelor of surgery from the University of New South Wales in February 1972 and a diploma in diagnostic radiology from the University of Sydney in February 1979. Dr. Ngan received his master of pain medicine from the University of Newcastle in Australia in December 2002.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

Dr. Ngan was admitted as a registered specialist in diagnostic radiology in Australia in March 1979. Dr. Ngan was admitted as a corresponding member of the Radiological Society of North America in September 2004. He was admitted as a registered medical practitioner of the Medical Council of Hong Kong in 1972.

Dr. Ngan was also the director of Surplus Trend Development Limited, Wmr Corporation Limited, Dynamic Mate Limited, Everhill International Investment Limited and Double Court Company Limited which were solvent and incorporated in Hong Kong prior to their respective dissolution. Surplus Trend Development Limited was an investment holding company and was dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to section 751 of the Companies Ordinance on 2 September 2016. Everhill International Investment Limited was an investment holding company and was dissolved by deregistration by the Registrar of Companies in Hong Kong as a defunct company pursuant to section 291AA of the then Companies Ordinance (Chapter 32 of the Laws of Hong Kong) effective before 3 March 2014 (the “**Predecessor Companies Ordinance**”) on 26 March 2010. Double Court Company Limited was engaged in radiological practices prior to its dissolution by deregistration by the Registrar of Companies in Hong Kong as a defunct company pursuant to section 291AA of the Predecessor Companies Ordinance on 28 March 2014. Each of Wmr Corporation Limited and Dynamic Mate Limited and were engaged in provision of advisory services prior to their dissolutions and was dissolved by deregistration by the Registrar of Companies in Hong Kong as defunct companies pursuant to section 291AA of the Predecessor Companies Ordinance both on 11 July 2008. Dr. Ngan has confirmed that, as at the Latest Practicable Date, no claims has been made against him and he was not aware of any threatened and potential claims made against him and there are no outstanding claims and/or liabilities as a result of the dissolutions of Surplus Trend Development Limited, Wmr Corporation Limited, Dynamic Mate Limited, Everhill International Investment and Double Court Company Limited.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, and none of our Directors acted as a director of any companies listed on the Stock Exchange or other stock exchanges during the three years immediately preceding the Latest Practicable Date.

### SENIOR MANAGEMENT

**Mr. Lam Kuok Wa**, aged 43, is our chief operating officer and is primarily responsible for project management and supervision of our construction.

Prior to joining our Group, Mr. Lam held various positions and last served as the civil engineer at Companhia de Construção “Vantagem” (恒益建築工程公司), a construction firm, from June 1997 to January 1998 and November 1998 to January 2001, where he was responsible for repairing works at the head office of the Macau government. From June 1998 to November 1998, Mr. Lam served as an assistant civil engineer at Tong Lei Engineering & Construction Co. Ltd., a construction firm, where he participated in the foundation works for



---

## DIRECTORS AND SENIOR MANAGEMENT

---

the Macau Tower at Nanwan District in Macau. From February 2001 to October 2001, Mr. Lam served as the civil engineer at Sociedade de Engenharia e Construção Kun Fai, Limitada (權暉建築工程有限公司), a construction firm, where he was responsible for the construction works for the Edf. Admin. Publica for power station in Coloane, Macau. From October 2001 to December 2002, Mr. Lam served as civil engineer at Mei Cheong Construction Co., Ltd., a construction firm, where he was responsible for construction project management and matters concerning tenders. From April 2003 to February 2004, Mr. Lam served as an assistant civil engineer at Focus – Airport Services Limited, a construction consultancy firm, where he was responsible for civil engineering works. From February 2004 to December 2004, Mr. Lam served as the engineer at Mei Cheong Engineering Management Company Limited, a construction management firm, where he was responsible for engineering works. From October 2006 to January 2007, Mr. Lam served as a civil engineer at G.L. Construsões, Estudos e Projectos de Engenharia Ltd. (盧梁建築工程設計顧問有限公司), a construction firm, where he was responsible for civil engineering works.

Mr. Lam obtained his bachelor's degree in engineering, majoring in civil engineering, from the Universidade de Macau in July 1998. Mr. Lam was admitted as a civil engineer by Conselho de Arquitectura, Engenharia e Urbanismo (建築、工程及城市規劃專業委員會) in December 2015.

Mr. Lam was a director of Lam's Investment Holding Company Limited, Autoduct Holdings Company Limited and Hung Yip Group Holdings Company Limited, all of which were solvent and incorporated in the British Virgin Islands prior to their respective struck off. Each of Lam's Investment Holding Company Limited, Autoduct Holdings Company Limited and Hung Yip Group Holdings Company Limited was inactive and struck off from the BVI Register of Companies on 27 November 2014 as a result of not having a registered agent appointed in the BVI. Mr. Lam was also a director of Hung Yip Group Holdings Company Limited which was solvent and incorporated in Hong Kong prior to its dissolution. Hung Yip Group Holdings Company Limited was an investment holding company and was dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to section 751 of the Companies Ordinance on 19 February 2016. Mr. Lam has confirmed that, as at the Latest Practicable Date, no claims has been made against him and he was not aware of any threatened and potential claims made against him and there are no outstanding claims and/or liabilities as a result of the dissolutions of the above companies.

Mr. Lam is one of our Controlling Shareholders.

**Mr. Lao Ka Wa**, aged 43, is our vice president and is primarily responsible for project coordination and worksite supervision of our Group.

Mr. Lao has over 24 years of experience in the construction industry. Prior to joining our Group, Mr. Lao served as the project manager of Wah Sun Air-conditioner Engineering, an air-conditioner engineering service provider, from June 2004 to December 2007, where he was responsible for the construction management and the matters regarding the tenders. From June 1994 to August 1998, Mr. Lao served as an architectural designer of Macau branch of P&T Architects and Engineers Ltd., a global design firm, where he was responsible for the design-related matters.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

He finished his secondary school education at Instituto Salesiano (慈幼中學) in June 1993.

Mr. Lao was a director of Lao's Investment Holding Company Limited, Autoduct Holdings Company Limited and Hung Yip Group Holdings Company Limited, all of which were solvent and incorporated in the British Virgin Islands prior to their respective struck off. Each of Lao's Investment Holding Company Limited, Autoduct Holdings Company Limited and Hung Yip Group Holdings Company Limited was inactive and struck off from the BVI Register of Companies on 27 November 2014 as a result of not having a registered agent appointed in the BVI. Mr. Lao was also a director of Hung Yip Group Holdings Company Limited which was solvent and incorporated in Hong Kong prior to its dissolution. Hung Yip Group Holdings Company Limited was an investment holding company and was dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to section 751 of the Companies Ordinance on 19 February 2016. Mr. Lao has confirmed that, as at the Latest Practicable Date, no claims has been made against him and he was not aware of any threatened and potential claims made against him and there are no outstanding claims and/or liabilities as a result of the dissolutions of the above companies.

Mr. Lao is one of the Controlling Shareholders.

**Ms. Tam Wing Yee**, aged 36, is our finance manager and our company secretary and is responsible for finance, accounting and company secretarial matters of our Group.

Prior to joining our Group, Ms. Tam held various positions at RSM Nelson Wheeler, an international accounting firm, from May 2005 to August 2008, where she last served as audit senior and was responsible for handling annual audit. From September 2008 to January 2010, she served as an examiner at the Audit Commission of the Hong Kong government where she was responsible for audit works. From January 2010 to February 2017, Ms. Tam re-joined RSM Hong Kong and last served as audit manager where she was responsible for overseeing the audit works. From February 2017 to June 2017, Ms. Tam served as an assistant accounting manager of Melco International Development Ltd. (Stock Code: 200), which is listed on the Stock Exchange and was engaged in leisure, entertainment and other businesses, where she was responsible for its finance and accounting matters.

Ms. Tam obtained her bachelor's degree in business administration from The Chinese University of Hong Kong in December 2003. Ms. Tam was admitted as a certified public accountants by Hong Kong Institute of Certified Public Accountants in January 2008.

None of the members of our senior management has been a director of other public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date. None of our Directors and senior management is personally related to any of our Directors, senior management, substantial Shareholders or Controlling Shareholders.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### COMPANY SECRETARY

**Ms. Tam Wing Yee**, aged 36, is our company secretary and was appointed on 7 July 2017. Please refer to “Senior management – Ms. Tam Wing Yee” in this section for her biography.

### BOARD COMMITTEE

#### **Audit Committee**

We have established an audit committee on 23 January 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Dr. Ngan Matthew Man Wong, all being independent non-executive Directors. The audit committee is chaired by Ms. Chan Po Yi, Patsy. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

#### **Remuneration Committee**

We have established a remuneration committee on 23 January 2018 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of three members, namely Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Dr. Ngan Matthew Man Wong, all being independent non-executive Directors. The remuneration committee is chaired by Dr. Ngan Matthew Man Wong. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors regarding our policy and structure for the remuneration of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to our Board on the remuneration packages of our Directors and senior management; (iii) reviewing and approving the management’s remuneration proposals with reference to our Board’s corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of our remuneration committee.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### Nomination Committee

We have established a nomination committee on 23 January 2018 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Dr. Ngan Matthew Man Wong, all being independent non-executive Directors. The nomination committee is chaired by Mr. Cheung Kiu Cho, Vincent. The primary function of the nomination committee is to review the structure, size and composition (including the skills, knowledge and experience) of our Board, make recommendations on any proposed changes to our Board to complement our corporate strategy and make recommendations to our Board on the appointment of members of our Board.

### CORPORATE GOVERNANCE

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

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

Our Board includes two executive Directors and three independent non-executive Directors. We believe our independent non-executive Directors possess sufficient experience as directors and members of the audit committee of listed companies in Hong Kong, which will provide our Board the benefit of their skills, expertise and varied backgrounds and qualifications to complement our corporate development. Each of them will also serve as members of our audit committee and will be responsible for overseeing our financial reporting system, risk management and internal control systems. Furthermore, they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Our Directors are of the view that our present Board composition has a balance of skills, experience and diversity of perspectives which is appropriate to our business.

Our Board assumes the responsibility for overseeing the overall management and strategic planning of our Group through directing and supervising our affairs. Our Directors (including our independent non-executive Directors) will be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities. Directors may make further enquiries for more information and have separate and independent access to our senior management and operational staff. There is also procedure in place to enable our Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at our expense, to assist them perform their duties to our Company.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

Our Directors are aware that upon Listing, we are expected to comply with such code provision. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in the interim report and the annual report in respect of relevant period. We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. We will comply with the code provisions set out in Appendix 14 to the Listing Rules after the Listing.

### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our executive Directors and senior management, who are also our employees, receive, in their capacity as our employees, compensation in the form of salary, cash bonus and other allowance.

Under our arrangements in force since 1 July 2017, each of Mr. Sou and Mr. Kuok is entitled to a monthly salary of MOP350,000 since 1 July 2017. In addition, Mr. Sou and Mr. Kuok may be entitled to discretionary bonus based upon their performance and prevailing market conditions. Prior to 1 July 2017, Mr. Sou and Mr. Kuok were not entitled to and did not receive any remuneration from our Group as directors or officers of any members of our Group or for the management of affairs of any members of our Group for each of the years ended 31 December 2014, 2015 and 2016.

The aggregate amount of remuneration including fees, salaries, allowances and benefits in kind, performance related bonuses and pension scheme contribution which were paid to our Directors for the Track Record Period, was nil, nil, nil and approximately MOP1.4 million, respectively.

The aggregate amount of remuneration including salaries, allowances and benefits in kind and pension scheme contributions which were paid by our Group to our five highest paid individuals (excluding our Directors among the five highest paid individuals) for the Track Record Period, was approximately MOP8.4 million, MOP9.4 million, MOP11.3 million and MOP4.0 million, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the Track Record Period. Further, none of our Directors waived any remuneration during the same periods.

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, allowances and benefits in kind and pension scheme contribution, but excluding discretionary bonuses) of our Directors for the year ended 31 December 2017 and the year ending 31 December 2018 is estimated to be no more than MOP5.0 million and MOP9.0 million.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### SHARE OPTION SCHEME

We have adopted the Share Option Scheme. Please refer to “D. Other information – 1. Share Option Scheme” in Appendix V to this prospectus for details of the Share Option Scheme.

### COMPLIANCE ADVISER

We have appointed Innovax Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an enquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following the completion of the Capitalisation Issue and the Global Offering taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, have beneficial interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us 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 our Group:

Name of Shareholders	Nature of interest	Shares held immediately prior to the Capitalisation Issue and Global Offering <sup>(1)</sup>		Shares held immediately following the completion of the Capitalisation Issue and Global Offering <sup>(1)</sup>	
		Number	Percentage ( <i>approx.</i> )	Number	Percentage ( <i>approx.</i> )
Mr. Kuok <sup>(Note 2)</sup>	Parties acting in concert and interest of the controlled corporation	1,252(L)	62.6%	600,960,000	50.08%
Mr. Sou <sup>(Note 2)</sup>	Parties acting in concert and interest of the controlled corporation	1,252(L)	62.6%	600,960,000	50.08%
Mr. Lam <sup>(Note 2)</sup>	Parties acting in concert and interest of the controlled corporation	1,252(L)	62.6%	600,960,000	50.08%
Mr. Lao <sup>(Note 2)</sup>	Parties acting in concert and interest of the controlled corporation	1,252(L)	62.6%	600,960,000	50.08%
MECOM Holding	Beneficial owner	1,252(L)	62.6%	600,960,000	50.08%
Mr. Ho <sup>(Note 3)</sup>	Interest of the controlled corporation	588(L)	29.4%	240,000,000	20.0%
King Dragon	Beneficial owner	588(L)	29.4%	240,000,000	20.0%

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) MECOM Holding is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam and 15% by Mr. Lao, respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.
- (3) King Dragon is beneficially and wholly-owned by Mr. Ho. By virtue of the SFO, Mr. Ho is deemed to be interested in the Shares held by King Dragon.

---

## SUBSTANTIAL SHAREHOLDERS

---

If the Over-allotment Option is fully exercised, the beneficial interests of each of Mr. Kuok, Mr. Sou, Mr. Lam, Mr. Lao, MECOM Holding, Mr. Ho and King Dragon will be approximately 48.27%, 48.27%, 48.27%, 48.27%, 48.27%, 19.28% and 19.28%, respectively.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are to be issued upon the exercise of any options which may be granted under the Share Option Scheme, have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us 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 member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.



---

## CORNERSTONE INVESTORS

---

### CORNERSTONE INVESTMENT

We have entered into cornerstone investment agreements (the “**Cornerstone Investment Agreements**”, and each a “**Cornerstone Investment Agreement**”) with certain investors (the “**Cornerstone Investors**”, and each a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors have agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) that may be purchased for an aggregate amount of approximately HK\$123.0 million (the “**Cornerstone Investment**”).

Assuming an Offer Price of HK\$1.00 (being the low-end of the indicative Offer Price range), the total number of Shares to be subscribed for by the Cornerstone Investors would be approximately 123,000,000, representing approximately (i) 10.3% of the Shares in issue upon the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme); or (ii) 9.9% of our Company’s enlarged share capital immediately upon completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is fully exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK\$1.125 (being the mid-point of the indicative Offer Price range), the total number of Shares to be subscribed for by the Cornerstone Investors would be approximately 109,328,000, representing approximately (i) 9.1% of the Shares in issue upon the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme); or (ii) 8.7% of our Company’s enlarged share capital immediately upon completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is fully exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK\$1.25 (being the high-end of the indicative Offer Price range), the total number of Shares to be subscribed for by the Cornerstone Investors would be approximately 98,400,000, representing approximately (i) 8.2% of the Shares in issue upon the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme); or (ii) 7.9% of our Company’s enlarged share capital immediately upon completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is fully exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme).

To the best of our Directors’ knowledge, each of the Cornerstone Investors and their respective ultimate beneficial owners is an Independent Third Party of our Company, and is not our connected person and/or an existing shareholder of our Company. Each of the Cornerstone Investors is independent from each other and makes its/his independent investment decisions.

## CORNERSTONE INVESTORS

The Cornerstone Investment forms part of the International Placing. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares in issue and will be counted towards the public float of our Company. Other than the subscription pursuant to their respective Cornerstone Investment Agreements, none of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering. Immediately upon completion of the Global Offering and the Capitalisation Issue, the Cornerstone Investors will neither have any board representation nor enjoy any preferential rights in our Company as compared with other public Shareholders, and none of the Cornerstone Investors will become our substantial Shareholders.

The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by the reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offering as set out in “Structure of the Global Offering – Hong Kong Public Offering – Reallocation” of this prospectus. Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations to be published on 12 February 2018.

### CORNERSTONE INVESTORS

We have entered into a Cornerstone Investment Agreement with each of the following Cornerstone Investors. The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Investment:

Based on the Offer Price of HK\$1.125 (being the mid-point of the Offer Price Range)						
Cornerstone Investor	Investment Amount (HK\$'000)	Approximate percentage of the Shares in the International Placing (assuming no reallocation of Shares between the Hong Kong Public Offering and the International Placing)	Approximate percentage of the Shares in the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation issue (assuming that the Over-allotment Option is fully exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme)	Approximate percentage of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation issue (assuming that the Over-allotment Option is fully exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme)
Gain Asset Management Limited	65,000	21.4%	19.3%	4.8%	4.6%	4.6%
Mr. Deng Jian Jun	38,000	12.5%	11.3%	2.8%	2.7%	2.7%
Mr. David Kwan	20,000	6.6%	5.9%	1.5%	1.4%	1.4%
	<u>123,000</u>	<u>40.5%</u>	<u>36.5%</u>	<u>9.1%</u>	<u>8.7%</u>	<u>8.7%</u>

---

## CORNERSTONE INVESTORS

---

### **Gain Asset Management Limited (“Gain Asset”)**

Gain Asset is a company incorporated in Hong Kong in 1991 with limited liability and is one of the investment companies wholly-owned by Mr. Antony Cheng King Chiu. With a medium to long term investment horizon, Mr. Antony Cheng King Chiu invests in yield-driven assets comprising primarily listed equities in Hong Kong, fixed income securities (e.g. corporate bonds) and commercial and retail properties in Hong Kong via his investment companies, including Gain Asset.

Gain Asset has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of Shares) which may be purchased with an aggregate amount of HK\$65.0 million at the Offer Price (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). Assuming an Offer Price of HK\$1.00, being the low-end of the indicative Offer Price range, the total number of Offer Shares that Gain Asset would subscribe for would be 65,000,000, representing approximately 5.4% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme). Assuming an Offer Price of HK\$1.125, being the mid-point of the indicative Offer Price range, the total number of Offer Shares that Gain Asset would subscribe for would be 57,776,000, representing approximately 4.8% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme). Assuming an Offer Price of HK\$1.25, being the high-end of the indicative Offer Price range, the total number of Offer Shares that Gain Asset would subscribe for would be 52,000,000, representing approximately 4.3% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme).

### **Mr. Deng Jian Jun (“Mr. Deng”)**

Mr. Deng is an individual Cornerstone Investor. Mr. Deng is a businessman, and is a shareholder of Supplier F, holding 50% of its issued shares, and a shareholder of Supplier L, holding 40% of its issued shares. Both Supplier F and Supplier L were our suppliers for the provision of structural steel during the Track Record Period. Please refer to “Business – Suppliers – Major suppliers” of this prospectus for further details.

---

## CORNERSTONE INVESTORS

---

The respective transaction amounts with Supplier F and Supplier L during the Track Record Period are as follows:

	Year ended 31 December						Eight months ended 31 August	
	2014		2015		2016		2017	
	Purchases <i>MOP'000</i>	Percentage to total cost of services %	Purchases <i>MOP'000</i>	Percentage to total cost of services %	Purchases <i>MOP'000</i>	Percentage to total cost of services %	Purchases <i>MOP'000</i>	Percentage to total cost of services %
Supplier F	-	-	15,936	3.9	22,253	6.1	-	-
Supplier L	-	-	-	-	4,502	1.2	17,981	5.7
<b>Total</b>	<b>-</b>	<b>-</b>	<b>15,936</b>	<b>3.9</b>	<b>26,755</b>	<b>7.3</b>	<b>17,981</b>	<b>5.7</b>

Mr. Deng has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of Shares) which may be purchased with an aggregate amount of HK\$38.0 million) at the Offer Price (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). Assuming an Offer Price of HK\$1.00, being the low-end of the indicative Offer Price range, the total number of Offer Shares that Mr. Deng would subscribe for would be 38,000,000, representing approximately 3.2% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme). Assuming an Offer Price of HK\$1.125, being the mid-point of the indicative Offer Price range, the total number of Offer Shares that Mr. Deng would subscribe for would be 33,776,000, representing approximately 2.8% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme). Assuming an Offer Price of HK\$1.25, being the high-end of the indicative Offer Price range, the total number of Offer Shares that Mr. Deng would subscribe for would be 30,400,000, representing approximately 2.5% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme).

---

## **CORNERSTONE INVESTORS**

---

### **Mr. David Kwan (“Mr. Kwan”)**

Mr. Kwan is an individual Cornerstone Investor. Mr. Kwan is the chief executive officer and the sole shareholder of G-Tech Environmental Holdings Limited, a company incorporated in Hong Kong and primarily engages in the environmental and renewable energy business. Mr. Kwan also wholly owns Vision Commerce Limited, a company incorporated in Hong Kong with limited liability, which principally engages in the sales of energy conservation products and the provision of related technical support.

Mr. Kwan has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of Shares) which may be purchased with an aggregate amount of HK\$20.0 million at the Offer Price (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). Assuming an Offer Price of HK\$1.00, being the low-end of the indicative Offer Price range, the total number of Offer Shares that Mr. Kwan would subscribe for would be 20,000,000, representing approximately 1.7% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme). Assuming an Offer Price of HK\$1.125, being the mid-point of the indicative Offer Price range, the total number of Offer Shares that Mr. Kwan would subscribe for would be 17,776,000, representing approximately 1.5% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme). Assuming an Offer Price of HK\$1.25, being the high-end of the indicative Offer Price range, the total number of Offer Shares that Mr. Kwan would subscribe for would be 16,000,000, representing approximately 1.3% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme).

### **CONDITIONS PRECEDENT**

The subscription obligation of each of the Cornerstone Investors is conditional upon, among others, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the relevant parties), and not having been terminated;
- (b) the Listing Committee having granted the approval for listing of, and permission to deal in, the Shares and such approval or permission not having been revoked; and

---

## CORNERSTONE INVESTORS

---

- (c) that the respective representations, warranties, undertakings and acknowledgements of the relevant Cornerstone Investor and our Company under the relevant Cornerstone Investment Agreement are accurate and true in all material respects and not misleading and there being no material breach of the relevant Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

### RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed, (and in case of the corporate Cornerstone Investor, if applicable, will procure that the Cornerstone Subsidiary (as defined below)) not to, without the prior written consent of our Company and the Joint Global Coordinators, whether directly or indirectly, at any time during a period of six months following the date of commencement of dealings in the Shares on the Stock Exchange (the “**Cornerstone Lock-up Period**”), dispose of (as defined in the relevant Cornerstone Investment Agreement) any of the Shares subscribed for pursuant to the relevant Cornerstone Investment Agreement and any shares or other securities of our Company which are derived from such Shares (the “**Relevant Shares**”), or any direct or indirect interest in any company or entity holding any of the Relevant Shares.

Each corporate Cornerstone Investor may transfer the Relevant Shares subscribed under the relevant Cornerstone Investment Agreement to its direct or indirect subsidiary (the “**Cornerstone Subsidiary**”), provided that the Cornerstone Subsidiary undertakes to abide by the restrictions on disposal imposed on such corporate Cornerstone Investor under the relevant Cornerstone Investment Agreement.

---

## SHARE CAPITAL

---

The following is a description of the authorised and issued Share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme) and the Capitalisation Issue (assuming the Over-allotment Option is not exercised):

	<u>Nominal Value</u>
	<i>HK\$</i>
<b>Authorised share capital:</b>	
5,000,000,000 Shares of HK\$0.01 each	50,000,000
<b>Issued and to be issued, fully paid or credited as fully paid:</b>	
2,000 Shares in issue as at the date of this prospectus	20
959,998,000 Shares to be issued pursuant to the Capitalisation Issue	9,599,980
<u>240,000,000</u> Shares to be issued under the Global Offering	<u>2,400,000</u>
<u>1,200,000,000</u> Total	<u>12,000,000</u>

### ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering and Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

### RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will rank carry the same right in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

---

## SHARE CAPITAL

---

### GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with the total number of issued shares of not more than the sum of:

- (1) 20% of the total number of Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and
- (2) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option which may be granted under the Share Option Scheme.

This general mandate will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Please refer to "A. Further information about our Group – 3. Resolutions in writing of our Shareholders passed on 23 January 2018" in Appendix V to this prospectus for further details of this general mandate.

### GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or 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 the Listing Rules. A summary of the relevant Listing Rules is set out in "A. Further information about our Group – 6. Repurchases of our Shares" in Appendix V to this prospectus.



---

## SHARE CAPITAL

---

This general mandate to repurchase Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Please refer to "A. Further information about our Group – 3. Resolutions in writing of our Shareholders passed on 23 January 2018" in Appendix V to this prospectus for further details on this general mandate.

### SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders dated 23 January 2018, we conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in "D. Other information – 1. Share Option Scheme" in Appendix V to this prospectus.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks carry the same right as with the other shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary shareholders' resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce its share capital by shareholders' special resolution. Please refer to "2. Articles of Association – (a) Shares – (iii) Alteration of capital" in Appendix IV to this prospectus for further details.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to the Share or any class of Shares may 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. Please refer to "2. Articles of Association – (a) Shares – (ii) Variation of rights of existing shares or classes of shares" in Appendix IV to this prospectus for further details.

---

## FINANCIAL INFORMATION

---

*You should read the following discussion and analysis of our results of operation and financial condition in conjunction with our audited consolidated financial information for the Track Record Period and including the notes thereto (“**Financial Information**”), included in the Accountants’ Report in Appendix I to this prospectus. Our Financial Information and consolidated financial information have been prepared in accordance with IFRS, which may differ in certain respects from generally accepted accounting principles in other countries. Potential investors should also read the entire Accountants’ Report in Appendix I to this prospectus and should not rely merely on the information contained in this section.*

*The discussion and analysis in this section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected. Factors that might cause our future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this prospectus, particularly in “Risk factors” of this prospectus.*

*Discrepancies between totals and sums of amounts listed herein in any table or elsewhere in this prospectus may be due to rounding.*

### OVERVIEW

We are a renowned integrated construction engineering contractor and power substations constructor in Macau. We principally engage in the provisions of (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substation construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services.

During the Track Record Period, (i) our structural steelworks, civil engineering construction, and fitting out and renovation works accounted for approximately 73.0%, 74.4%, 50.3% and 76.2% of our total revenue, respectively; (ii) our high voltage power substation construction and its system installation works accounted for approximately 24.1%, 18.2%, 40.2% and 13.6% of our total revenue, respectively; and (iii) our facilities management, alteration and maintenance works and services accounted for approximately 2.9%, 7.4%, 9.5% and 10.2% of our total revenue, respectively.

Our revenue increased from approximately MOP446.2 million in 2014 to approximately MOP543.4 million in 2015 and then decreased to approximately MOP464.9 million in 2016, representing an overall CAGR of approximately 2.1%. In addition, our revenue increased from approximately MOP299.1 million for the eight months ended 31 August 2016 to approximately MOP391.5 million for the eight months ended 31 August 2017, representing a growth rate of approximately 30.9%.

---

## FINANCIAL INFORMATION

---

Our profit for the year increased from approximately MOP73.0 million in 2014 to approximately MOP97.1 million in 2015 and then decreased to approximately MOP68.0 million in 2016. In addition, our adjusted profit for the period (before deducting our listing expenses) increased from approximately MOP46.4 million for the eight months ended 31 August 2016 to approximately MOP53.4 million for the eight months ended 31 August 2017, representing a growth rate of approximately 15.1%.

### **BASIS OF PREPARATION**

Our Financial Information has been prepared under the historical cost convention in accordance with IFRS and is presented in MOP.

Pursuant to our Reorganisation as disclosed in “History, Reorganisation and corporate structure” of this prospectus, our Company became the holding company of the companies now comprising our Group on 31 May 2017. Since our Controlling Shareholders control all the companies now comprising our Group during the Track Record Period and before and after our Reorganisation, our Group comprising our Company and its subsidiaries is regarded as a continuing entity. Our Financial Information has been prepared on the basis as if our Company has always been the holding company of our Group using the principle of merger accounting in accordance with the convention applicable for group reorganisation.

Our consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period which include the results, changes in equity and cash flows of the entities comprising our Group have been prepared as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of establishment where there is shorter period.

Our consolidated statements of financial position at 31 December 2014, 2015, 2016 and 31 August 2017 have been prepared to present the assets and liabilities of the entities comprising our Group as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

Please refer to note 2 to the Accountants’ Report in Appendix I for further details of the basis of preparation.

---

## FINANCIAL INFORMATION

---

### **SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Our financial condition, results of operations and the period to period comparability of our financial results have been and will continue to be principally affected by the following factors:

#### **Market demand of construction activities in Macau**

Our business and results of operations are affected by the number and availability of projects in Macau, which in turn are affected by a number of market drivers, including (i) the expansion and development of tourism industry and tourism-related service industries; (ii) increasing land supply by land reclamation; (iii) “Guangdong – Hong Kong – Macau Big Bay Area” strategy; (iv) the need to reduce transmission and distribution losses and improve stability of power supply; (v) growing awareness of the advantages of facility management; (vi) higher expectation in standards and requirements of facility management and maintenance; and (vii) rising supply of new buildings and aging of existing buildings.

According to the Industry Report, the total revenue of civil engineering market, high voltage power substation construction service industry, and facility management market in Macau demonstrated a robust growth by CAGRs of approximately 38.4%, 31.1% and 15.3%, respectively, from 2012 to 2016, respectively. In addition, the total revenue of civil engineering market, high voltage power substation construction service industry, and facility management market in Macau is expected to grow by a CAGRs of approximately 20.0%, 5.0% and 6.9%, respectively, from 2016 to 2021 in accordance with the Industry Report. Our Directors believe that we have adequate professional experience and expertise to capture the booming Macau construction market in the future.

However, there is no assurance that the number and availability of projects in Macau will continue to grow or maintain at the current level in the future. In the event that the demand of construction activities in Macau decrease, our business and results of operations will probably be adversely affected. In addition, any further economic downturn in Macau could adversely affect our business, financial condition and results of operations.

#### **Our market leading position and reputation in Macau**

According to the Industry Report, we are one of the leading players in (i) civil engineering market; and (ii) high voltage power substation construction market, in Macau based on revenue in 2016. Our Directors believe that we have established good reputation in the industry and will continue to obtain new contracts given our long established strong relationships with our major customers, including casino operators and government agencies in Macau.

---

## FINANCIAL INFORMATION

---

However, due to the business nature, our business operation is project-based and we do not have any long-term contracts with our major customers. There is no assurance that we will be awarded new contracts with comparable contract sums and desirable margin as our contracts on hand. In such circumstances, our financial condition and results of operations will be adversely affected.

In addition, should there be any unexpected disruption to our operations or unsolved disagreements with our major customers, we may risk losing our customers' confidences, reputation in the industry and even our market leading position in Macau, our profitability and financial performance may be adversely affected.

### **Pricing of our projects**

Our pricing, which directly affects our revenue and cash flows, is generally determined based on certain margin over our estimated costs. We need to assess the project feasibility and conduct costing and pricing analysis to ensure that our tendering to be competitive, but also profitable to our Group. There are a range of factors that we usually consider when assessing the project feasibility and determining our tender pricing, including but not limited to the nature and scale of the construction project, the scope of works to be performed, the design and specifications and quality standard required, the technical and material requirements, construction equipment and machineries employed, the manpower required, the project schedule and timeline, the availability of resources, the performance bonds and the risks and opportunities assessments as well as non-binding quotations from our subcontractors and suppliers, etc. Please refer to "Business – Our operation process – Tendering phase" of this prospectus for further details of our tendering process.

There is no assurance that we can succeed in the project tendering because of our pricing and tender strategy, customers' tender evaluation standards, our competitors' pricing and tender strategy, and the level of competition. Even if we have been awarded the contracts, there is no assurance that the project is profitable because the actual costs may exceed our budgeted costs during the performance of our project. If we fail to keep the costs within our initial budget and there is no price adjustment clauses to absorb such losses, our business operation, results of operations and financial condition will be adversely affected.

Please refer to "Sensitivity and breakeven analysis – Sensitivity analysis" in this section for the sensitivity analysis of our contract price.

### **Recoverability and timing of collection of progress billings and retention money**

We generally submit our interim payment application on a monthly basis or by milestones to our customers to obtain interim or final payments. Our customers will examine our work completed and will endorse our payment application or issue a payment certificate certifying the work progress after the examination. In addition, our customers generally retain a retention fee equal to up to 5% of the total contract sum, which will generally be returned to us in full upon expiry of the defect liability period as stipulated in the contracts. Please refer to

---

## FINANCIAL INFORMATION

---

“Business – Our operation process – Project implementation phase” and “Business – Our operation process – Defect liability phase” of this prospectus for further details of our interim billings and payment, and defect liability period and retention fee.

If our customers experience financial distress, delay to certify our monthly payment applications or are unable to settle their payments due to us in a timely manner or at all, our financial condition and results of operations could be materially and adversely affected. Further, there is no assurance that retention money will be settled by all of our customers timely and in full outstanding amount. If our customers default the outstanding retention receivables or do not settle the outstanding retention money in a timely manner, our financial condition and results of operations could be materially and adversely affected.

Please refer to “Discussion of selected balance sheet items – Debtors, deposits and prepayments” in this section for further discussion of and the analysis of our trade and retention receivables.

### **Fluctuation of our contract costs**

Our cost of services primarily comprised (i) material costs; (ii) direct labour costs; and (iii) subcontracting costs, which aggregately accounted for approximately 72.4%, 70.3%, 73.4% and 77.4% of our total revenue. The fluctuations in these costs directly affect our gross margin, results of operations and financial condition. Please refer to “Business – Suppliers” and “Business – Subcontractors” of this prospectus for further details of our suppliers and subcontractors.

To manage the risk of cost fluctuations, we typically obtain quotations from different suitable suppliers and subcontractors when placing purchase orders or requiring subcontracting works. Notwithstanding our contract cost management, any material fluctuation in our contract costs without any or sufficient compensation from our customers may adversely impact our business, financial condition and results of operations.

Please refer to “Sensitivity and breakeven analysis” in this section for (i) the sensitivity analysis of our material costs, direct labour costs and subcontracting costs; and (ii) the breakeven analysis of our cost of services.

### **CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS**

We have identified various accounting policies that are significant to the preparation of our Financial Information. All of our significant accounting policies are disclosed in note 4 to the Accountants’ Report in Appendix I to this prospectus.

Some of our accounting policies involve judgments, estimates, and assumptions made by our management. Our estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Please refer to note 5 to the Accountants’ Report in Appendix I to this prospectus for further details of our key estimates and judgements.

---

## FINANCIAL INFORMATION

---

The following paragraphs discuss, among others, our critical accounting policies, estimates and judgements in preparing our Financial Information.

### **Recognition of our revenue**

#### ***Revenue from construction contracts***

The accounting policies for the recognition of our contract revenue in respect of our construction projects are as follows:

*(i) Outcome of a construction contract can be estimated reliably*

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

*(ii) Outcome of a construction contract cannot be estimated reliably*

Our contract revenue is recognised to the extent of our contract costs incurred that it is probable will be recoverable. Our contract costs are recognised as expenses in the period in which they are incurred.

Please refer to “Construction contracts” in note 4 to the Accountants’ Report in Appendix I to this prospectus for further details of the accounting policies for our construction projects, and “Construction contracts in respect of construction and civil engineering work” in note 5 to the Accountants’ Report in Appendix I to this prospectus for further details of the key management estimation and judgement involved in our construction projects.

#### ***Facilities management, alteration and maintenance works and services income***

Our facilities management, alteration and maintenance works and services income is recognised when service is provided.

---

## FINANCIAL INFORMATION

---

### Property, plant and equipment

Our property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Our property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Motor vehicles	20%
Plant and machinery	20%
Office equipment	20%
Computer equipment	20%

We review the estimated useful lives, residual values and depreciation method at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Our property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset; and any gain or loss arising on the disposal or retirement of our property, plant and equipment (which is the difference between the sales proceeds and their carrying amounts) is recognised in profit or loss.

### Trade and retention receivables

Our trade and retention receivables are initially measured at fair value and their directly attributable transaction costs are included in their fair values, as appropriate, on initial recognition. Subsequent to initial recognition, our trade and retention receivables are measured at amortised cost using the effective interest method, less any identified impairment losses.

Our trade and retention receivables are assessed for indicators of impairment at the end of each reporting period. Our trade and retention receivables 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, the estimated future cash flows have been affected. For our trade and retention receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of our trade and retention receivables could include our past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss recognised is the difference between their carrying amounts and the present values of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at our trade and retention receivables' original effective interest rates (i.e. the effective interest rates computed at initial recognition). The carrying amounts of our trade and retention receivables are reduced through the use of allowance accounts. When our trade and retention receivables are considered uncollectible, they are written off against the allowance accounts. Subsequent recoveries of amounts previously written off are credited to profit or loss.



## FINANCIAL INFORMATION

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment losses are reversed through profit or loss to the extent that the carrying amounts of our trade and retention receivables at the date the reversal of impairment losses do not exceed what the amortised costs would have been had the impairment not been recognised.

### Trade and retention payables

Our trade and retention payables are initially measured at fair value and their directly attributable transaction costs are included in their fair values, as appropriate, on initial recognition. Subsequent to initial recognition, our trade and retention payables are measured at amortised cost using the effective interest method. We derecognise our trade and retention payables when, and only when, our obligations are discharged, cancelled or expired.

### OUR RESULTS OF OPERATIONS

The following table sets out our consolidated statements of profit or loss and other comprehensive income for the periods indicated, which has been derived from, and should be read in conjunction with the Accountants' Report in Appendix I to this prospectus:

	Year ended 31 December			Eight months ended 31 August	
	2014	2015	2016	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
				(unaudited)	
<b>Revenue</b>	446,244	543,424	464,882	299,053	391,467
Cost of services	(338,743)	(413,016)	(367,647)	(232,371)	(315,332)
<b>Gross profit</b>	107,501	130,408	97,235	66,682	76,135
Other income	34	49	279	181	399
Other losses	(6)	(380)	–	–	(20)
Administrative expenses	(23,254)	(16,938)	(14,596)	(10,573)	(14,684)
Listing expenses	–	–	–	–	(13,106)
<b>Profit before tax</b>	84,275	113,139	82,918	56,290	48,724
Income tax expense	(11,322)	(16,064)	(14,917)	(9,939)	(8,480)
<b>Profit and total comprehensive income for the year/period</b>	<u>72,953</u>	<u>97,075</u>	<u>68,001</u>	<u>46,351</u>	<u>40,244</u>

## FINANCIAL INFORMATION

### PRINCIPAL COMPONENTS OF PROFIT OR LOSS

#### Revenue

During the Track Record Period, all of our revenue was derived in Macau and classified into three business streams, namely (i) structural steelworks, civil engineering construction, and fitting out and renovation works; (ii) high voltage power substation construction and its system installation works; and (iii) facilities management, alteration and maintenance works and services. Please refer to “Business – Our business – Our business streams” of this prospectus for further details of our business.

The fluctuation of our revenue from each of our business streams during the Track Record Period was primarily attributable to (i) the time which we were awarded with large-scale projects; and (ii) the period of construction or the provision of services.

The following table sets out a breakdown of our revenue by business stream for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Structural steelworks, civil engineering construction, and fitting out and renovation works	325,531	73.0	404,262	74.4	233,694	50.3	159,129	53.2	298,321	76.2
High voltage power substation construction and its system installation works	107,652	24.1	99,062	18.2	186,666	40.2	112,112	37.5	53,204	13.6
Facilities management, alteration and maintenance works and services	13,061	2.9	40,100	7.4	44,522	9.5	27,812	9.3	39,942	10.2
<b>Total</b>	<b>446,244</b>	<b>100.0</b>	<b>543,424</b>	<b>100.0</b>	<b>464,882</b>	<b>100.0</b>	<b>299,053</b>	<b>100.0</b>	<b>391,467</b>	<b>100.0</b>

## FINANCIAL INFORMATION

### *Structural steelworks, civil engineering construction, and fitting out and renovation works*

During the Track Record Period, approximately 73.0%, 74.4%, 50.3% and 76.2% of our total revenue was derived from our structural steelworks, civil engineering construction, and fitting out and renovation works, respectively. Our structural steelworks, civil engineering construction, and fitting out and renovation works generally include:

- (i) Structural steelworks services – The provisions of customised and target-oriented steel structure erection services which generally consist of structural steelworks, concreting and builder works, using a suitable combination of each to produce an efficient structure.
- (ii) Civil engineering construction services – The provisions for demolition works, ground investigation field works, site formation, foundation works, substructures and superstructure, roads and drainage.
- (iii) Fitting out and renovation works – The provision of alteration, renovation and upgrading works of various types, including preparation of shop drawings, modification, removal or installation of equipment and general renovation works.

The following table sets out a breakdown of our revenue from structural steelworks, civil engineering construction, and fitting out and renovation works by project category for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
Private sector	305,224	93.8	403,278	99.8	233,694	100.0	159,129	100.0	295,285	99.0
Public sector	20,307	6.2	984	0.2	-	-	-	-	3,036	1.0
Total	<u>325,531</u>	<u>100.0</u>	<u>404,262</u>	<u>100.0</u>	<u>233,694</u>	<u>100.0</u>	<u>159,129</u>	<u>100.0</u>	<u>298,321</u>	<u>100.0</u>

During the Track Record Period, an overwhelming majority portion of our revenue from structural steelworks, civil engineering construction, and fitting out and renovation works was contributed from the private sector, representing approximately 93.8%, 99.8%, 100.0% and 99.0% of our total revenue from structural steelworks, civil engineering construction, and fitting out and renovation works, respectively.

## FINANCIAL INFORMATION

During the Track Record Period, we were awarded with various large-scale and/or high profile technically challenging private structural steelworks and civil engineering construction projects in the second half of 2014 and 2016 for (i) the world’s first free-form exoskeleton skyscraper luxury hotel designed by the legendary architect; (ii) Hollywood-inspired, cinematically-themed resort in Cotai; and (iii) a large scale integrated resort in Cotai featuring the world’s largest water-based extravaganza.

Our growth of our revenue from structural steelworks, civil engineering construction, and fitting out and renovation works in 2015 as compared to that of 2014; and for the eight months ended 31 August 2017 as compared to that of the eight months ended 31 August 2016 was primarily attributable to the substantial construction progress of the abovementioned large-scale structural steelworks and civil engineering construction projects which we were awarded in the second half of 2014 and in the second half of 2016/in 2017.

Please refer to “Business – Our projects – (iii) Top five projects” of this prospectus for further details of our major projects for structural steelworks, civil engineering construction, and fitting out and renovation works.

### *High voltage power substation construction and its system installation works*

During the Track Record Period, approximately 24.1%, 18.2%, 40.2% and 13.6% of our total revenue was derived from our high voltage power substation construction and its system installation works, respectively. Our high voltage power substation construction and its system installation works generally involve the provisions of one-stop planning, scheduling, project management and construction of customised and technological advanced high-voltage substations and power transmission infrastructure with installation of high voltage power system.

The following table sets out a breakdown of our revenue from high voltage power substation construction and its system installation works by project category for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
	(unaudited)									
Private sector	70,283	65.3	73,294	74.0	20,239	10.8	16,836	15.0	28,781	54.1
Public sector	37,369	34.7	25,768	26.0	166,427	89.2	95,276	85.0	24,423	45.9
Total	107,652	100.0	99,062	100.0	186,666	100.0	112,112	100.0	53,204	100.0

## FINANCIAL INFORMATION

During the Track Record Period, we performed high voltage power substation construction and its system installation works for both private sector (representing approximately 65.3%, 74.0%, 10.8% and 54.1% of our total revenue from high voltage power substation construction and its system installation works, respectively) and public sector (representing approximately 34.7%, 26.0%, 89.2% and 45.9% of our total revenue from high voltage power substation construction and its system installation works, respectively).

During the Track Record Period, we recorded a higher portion of our revenue from high voltage power substation construction and its system installation works for private sector in 2014 and 2015 primarily attributable to various power substation construction works performed at some renowned hotel resorts in Macau during that period, while we recorded a higher portion of our revenue from high voltage power substation construction and its system installation works for public sector in 2016 primarily attributable to the substantial progress of various large-scale public power substation construction works during that period.

Please refer to “Business – Our projects – (iii) Top five projects” of this prospectus for further details of our major projects for high voltage power substation construction and its system installation works.

### *Facilities management, alteration and maintenance works and services*

During the Track Record Period, approximately 2.9%, 7.4%, 9.5% and 10.2% of our total revenue was derived from our facilities management, alteration and maintenance works and services, respectively. Our facilities management, alteration and maintenance works and services generally involve the day-to-day repairs and long-term maintenance and operations, including the provisions of project management, alteration, upgrading and maintenance works of various buildings, properties and their components (especially for hotels and resorts) and high voltage power substations and its systems and emergency repairs.

The following table sets out a breakdown of our revenue from facilities management, alteration and maintenance works and services by project category for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
Private sector	11,718	89.7	38,664	96.4	42,978	96.5	26,675	95.9	38,805	97.2
Public sector	1,343	10.3	1,436	3.6	1,544	3.5	1,137	4.1	1,137	2.8
Total	13,061	100.0	40,100	100.0	44,522	100.0	27,812	100.0	39,942	100.0

## FINANCIAL INFORMATION

During the Track Record Period, a majority portion of our revenue from facilities management, alteration and maintenance works and services was contributed from the private sector, representing approximately 89.7%, 96.4%, 96.5% and 97.2% of our total revenue from facilities management, alteration and maintenance works and services, respectively.

During the Track Record Period, there was an increasing trend in terms of the amount of revenue and also percentage of contribution to our total revenue from our facilities management, alteration and maintenance works and services. In general, the business growth of our facilities management, alteration and maintenance works and services was primarily attributable to (i) the increasing need and demand of such works and services in Macau; and (ii) our efforts and capabilities for the development of facilities management, alteration and maintenance works and services.

Please refer to “Business – Our projects – (iii) Top five projects” of this prospectus for further details of our major projects for facilities management, alteration and maintenance works and services.

The following table sets out a summary of our revenue by private and public sectors for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
Private sector	387,225	86.8	515,236	94.8	296,911	63.9	202,640	67.8	362,871	92.7
Public sector	59,019	13.2	28,188	5.2	167,971	36.1	96,413	32.2	28,596	7.3
Total	446,244	100.0	543,424	100.0	464,882	100.0	299,053	100.0	391,467	100.0

Our private sector projects included projects of which property developers, hotel and resort owners or operators or main contractors are the project owners. During the Track Record Period, since most of our projects of (i) structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) facilities management, alteration and maintenance works and services were from private sector, approximately 86.8%, 94.8%, 63.9% and 92.7% of our total revenue was derived from our private sector projects, respectively.

Our public sector projects included projects of which the Macau government or other government agencies, tertiary education institutions, public hospitals, utilities or statutory bodies in Macau are the project owners, which accounted for the remaining portion (which was 13.2%, 5.2%, 36.1% and 7.3%, respectively) of our total revenue during the Track Record Period. The fluctuation of our revenue from public sector during the Track Record Period was generally in line with that of our revenue from high voltage power substation construction and its system installation works.

## FINANCIAL INFORMATION

Depending on the nature, scale, complexity and requirements of the project awarded, we act as a main contractor or subcontractor in such projects. The following table sets out a breakdown of our revenue by acting as a main contractor and subcontractor for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
	(unaudited)									
Main contractors	276,086	61.9	104,437	19.2	209,060	45.0	111,296	37.2	288,371	73.7
Subcontractors	170,158	38.1	438,987	80.8	255,822	55.0	187,757	62.8	103,096	26.3
Total	446,244	100.0	543,424	100.0	464,882	100.0	299,053	100.0	391,467	100.0

As a main contractor, we directly engage with infrastructure owners to provide various construction and maintenance services under their direct supervision and inspection, in which our revenue generated by acting as main contractors accounted for approximately 61.9%, 19.2%, 45.0% and 73.7% of our total revenue during the Track Record Period, respectively.

As a subcontractor, we are responsible for carrying out works delegated and arranged by the main contractors in accordance with the relevant subcontracting contracts, in which our revenue generated by acting as subcontractors accounted for approximately 38.1%, 80.8%, 55.0% and 26.3% of our total revenue during the Track Record Period, respectively.

Please refer to “Business – Our projects – (ii) Our business streams by roles” of this prospectus for further details.

Please refer to “Period to period comparison of results of operations” in this section for further details of the analysis of fluctuation of our revenue.

### ***Effect on the adoption of IFRS 15 in respect of revenue recognition***

IFRS 15 – *Revenue from Contracts with Customers* will be effective for the annual periods beginning on or after 1 January 2018. As part of our business, we may have uninstalled materials. Our Directors expect that our uninstalled materials will not have any material impact on our Group’s historical financial information and financial information upon the adoption of IFRS 15 in the future for the following reasons:

- (i) Our Directors confirm that the timing and the amount of purchases of construction materials are assessed and determined by our project teams from time to time with reference to the actual construction progress of each project undertaken by us. We will not purchase or commit to purchase all construction materials expected to be used by us at the beginning of each project, and the amount of purchases will only be confirmed by us as and when required taking into consideration the amount of the construction materials expected to be used, the prevailing market prices and the expected time required for the delivery of the construction materials to the relevant construction sites.

## FINANCIAL INFORMATION

- (ii) Our Directors further confirm that we will not maintain any construction materials as part of our inventories and expect that the amount of uninstalled materials maintained by us from time to time will not have any significant impact on our financial results.

Please refer to note 3 to the Accountants' Report in Appendix I for further details of IFRS 15.

### Cost of services

During the Track Record Period, our cost of services primarily comprised (i) material costs; (ii) direct labour costs; (iii) subcontracting costs; and (iv) other costs. The following table sets out a breakdown of our cost of services by expense nature for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
	(unaudited)									
Material costs										
– Steels	23,730	7.0	65,016	15.7	42,509	11.6	29,980	12.9	17,981	5.7
– Power systems	–	–	11,933	2.9	43,316	11.8	31,786	13.7	–	–
– Other raw materials	56,666	16.7	71,604	17.3	50,378	13.7	33,326	14.3	27,736	8.8
Subtotal	80,396	23.7	148,553	35.9	136,203	37.1	95,092	40.9	45,717	14.5
Direct labour costs	37,049	10.9	43,815	10.6	53,651	14.6	28,933	12.5	51,969	16.5
Subcontracting costs	205,494	60.7	189,444	45.9	151,526	41.2	79,721	34.3	205,217	65.1
Other costs	15,804	4.7	31,204	7.6	26,267	7.1	28,625	12.3	12,429	3.9
Total	<u>338,743</u>	<u>100.0</u>	<u>413,016</u>	<u>100.0</u>	<u>367,647</u>	<u>100.0</u>	<u>232,371</u>	<u>100.0</u>	<u>315,332</u>	<u>100.0</u>

Our material costs was one of the major components of our cost of services, representing approximately 23.7%, 35.9%, 37.1% and 14.5% of our total cost of services during the Track Record Period, respectively, which primarily represented the costs of steels, power systems and other raw materials used in our works and services. Please refer to “Business – Raw materials, machineries and equipment – Raw materials” of this prospectus for further details of our raw materials used in our works and services.

Our direct labour costs accounted for approximately 10.9%, 10.6%, 14.6% and 16.5% of our total cost of services during the Track Record Period, respectively, which primarily represented wages and other staff benefits paid to the staff directly involved in our projects, such as project managers, supervisors and site workers.

Our subcontracting costs accounted for approximately 60.7%, 45.9%, 41.2% and 65.1% of our total cost of services during the Track Record Period, respectively, which primarily represented subcontracting costs paid to our subcontractors for the provision of ancillary construction services.

Other costs primarily included our transportation and logistics costs, leasing expenses of machineries and equipment, depreciation, design fees, testing fees, rates and other sundry costs.



## FINANCIAL INFORMATION

Our cost of services mainly included material costs, direct labour costs and subcontracting costs. The proportion of these costs in each project may fluctuate substantially and some of these costs are, to a certain extent, inter-related to each other due to the fact that if we engage subcontractors to perform certain works, we may require our subcontractors to arrange for and bear the costs of the relevant labours, materials, and machinery and equipment necessary to carry out such subcontracting works. As a result, the relevant material costs and direct labour costs (which we would otherwise incur ourselves if we do not engage subcontractors) would normally be factored and reflected in the subcontracting costs charged by our subcontractors.

Please refer to “Period to period comparison of results of operations” in this section for further details of the analysis of fluctuation of our cost of services.

### Gross profit and gross margin

Our gross profit represented our revenue less our cost of services and our gross margin represented our gross profit divided by our revenue, multiplied by 100%. The following table sets out a breakdown of our gross profit and gross margin by business stream for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Structural steelworks, civil engineering construction, and fitting out and renovation works	79,067	24.3	111,358	27.5	60,765	26.0	42,377	26.6	59,837	20.1
High voltage power substation construction and its system installation works	22,479	20.9	9,565	9.7	24,088	12.9	14,606	13.0	8,517	16.0
Facilities management, alteration and maintenance works and services	5,955	45.6	9,485	23.7	12,382	27.8	9,699	34.9	7,781	19.5
Total/Overall	<u>107,501</u>	24.1	<u>130,408</u>	24.0	<u>97,235</u>	20.9	<u>66,682</u>	22.3	<u>76,135</u>	19.4

## FINANCIAL INFORMATION

Owing to different nature of works and services and cost structure components, the gross margin of our different business streams varies during the Track Record Period.

The gross margin of our structural steelworks, civil engineering construction, and fitting out and renovation works was relatively stable during the Track Record Period, ranging from approximately 20.1% to approximately 27.5%. There was a slight drop of gross margin of our structural steelworks, civil engineering construction, and fitting out and renovation works for the eight months ended 31 August 2017 primarily attributable to the adoption of a more competitive pricing strategy in tendering our large-scale projects awarded in the second half of 2016 in this business stream in the view of the keen market competition.

Our Directors are of the view that, in general, the gross margin of our high voltage power substation construction and its system installation works (ranged from approximately 9.7% to approximately 20.9% during the Track Record Period) is the lowest among our three business streams primarily due to the fact that we can generally charge a small mark-up on the costs of high voltage power systems which are high technological systems produced by the Power Projects Partner and accounted for a major portion of our construction costs.

The gross margin of our facilities management, alteration and maintenance works and services fluctuated between approximately 19.5% to approximately 45.6% during the Track Record Period. The fluctuation of such gross margin was primarily attributable to the amount of materials and components used for our repair and maintenance services during the relevant periods (in which such costs may not be chargeable to or fully reimbursed by our customers).

Please refer to “Period to period comparison of results of operations” in this section for further details of the analysis of fluctuation of our gross profit and gross margin.

### Other income

The following table sets out a breakdown of our other income for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Bank interest income	13	38.2	49	100.0	107	38.4	88	48.6	399	100.0
Others	21	61.8	–	–	172	61.6	93	51.4	–	–
Total	<u>34</u>	<u>100.0</u>	<u>49</u>	<u>100.0</u>	<u>279</u>	<u>100.0</u>	<u>181</u>	<u>100.0</u>	<u>399</u>	<u>100.0</u>

## FINANCIAL INFORMATION

Our other income primarily comprised (i) our bank interest income mainly representing the interest income from our pledged bank deposits, short term bank deposit and bank balances; and (ii) our others mainly representing our income from the sale of scraps and various prizes from the Macau government.

### Other losses

The following table sets out a breakdown of our other losses for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
	<i>(unaudited)</i>									
Loss on disposal of property, plant and equipment	-	-	380	100.0	-	-	-	-	-	-
Net foreign exchange loss	6	100.0	-	-	-	-	-	-	20	100.0
<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>100.0</b>

During the Track Record Period, our other losses comprised (i) our loss on disposal of property, plant and equipment (mainly in relation to the disposal of an elevating platform, and certain computers and peripheral equipment) in 2015; and (ii) our net foreign exchange loss.

### Administrative expenses

The following table sets out a breakdown of our administrative expenses for the periods indicated:

	Year ended 31 December						Eight months ended 31 August			
	2014		2015		2016		2016		2017	
	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%	MOP'000	%
	<i>(unaudited)</i>									
Staff costs	3,560	15.3	4,898	28.9	4,303	29.5	3,736	35.3	7,128	48.5
Service fee expenses	3,968	17.1	5,600	33.1	5,600	38.4	3,734	35.3	2,800	19.1
Depreciation	681	2.9	2,261	13.3	2,412	16.5	1,571	14.9	1,708	11.6
Rental expenses	955	4.1	1,257	7.4	1,331	9.1	893	8.4	1,268	8.6
Consumables	26	0.1	645	3.8	29	0.2	29	0.3	583	4.0
Legal and professional fees	13,158	56.6	230	1.4	180	1.2	180	1.7	118	0.8
Recruitment expenses	10	-	1,097	6.5	21	0.1	21	0.2	14	0.1
Others	896	3.9	950	5.6	720	5.0	409	3.9	1,065	7.3
<b>Total</b>	<b>23,254</b>	<b>100.0</b>	<b>16,938</b>	<b>100.0</b>	<b>14,596</b>	<b>100.0</b>	<b>10,573</b>	<b>100.0</b>	<b>14,684</b>	<b>100.0</b>

---

## FINANCIAL INFORMATION

---

During the Track Record Period, our administrative expenses amounted to approximately MOP23.3 million, MOP16.9 million, MOP14.6 million and MOP14.7 million, respectively, representing approximately 5.2%, 3.1%, 3.1% and 3.8% of our total revenue, respectively.

Our administrative expenses primarily comprised the following items:

- (1) our staff costs mainly representing the salaries, wages and bonus, and the pension scheme contribution of our management and other administrative personnel;
- (2) our service fee expenses representing the fees paid to ACEL Engineering Company Limited (a related company in which our Controlling Shareholders have beneficial interests) for the provision of management and corporate services to our Group;
- (3) our depreciation charged for our property, plant and equipment (excluding our plant and machinery used in our construction services);
- (4) our rental expenses mainly representing our operating lease charges incurred for the rental of our office and warehouse premises;
- (5) our consumables mainly representing the materials used for the repair and maintenance of our warehouses and other consumables used in our operations;
- (6) our legal and professional expenses mainly representing (i) the fees incurred to various professional parties in relation to our Group's restructuring in 2014; and (ii) other miscellaneous professional fees;
- (7) our recruitment expenses mainly representing the fees incurred to recruitment agencies for the employment of foreign labour; and
- (8) our others mainly consisting of our transportation expenses, utilities expenses and other miscellaneous expenses.

Please refer to "Period to period comparison of results of operations" in this section for further details of the analysis of fluctuation of our administrative expenses.

### **Listing expenses**

Our listing expenses of approximately MOP13.1 million for the eight months ended 31 August 2017 primarily represented the professional fees incurred to professional parties by our Company in relation to the Listing. Please refer to "Listing expenses" in this section for further details of our listing expenses.

---

## FINANCIAL INFORMATION

---

### Income tax expense

The following table sets out a breakdown of our income tax expense and effective income tax rate for the periods indicated:

	Year ended 31 December			Eight months ended 31 August	
	2014	2015	2016	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
				(unaudited)	
Macau Complementary Tax:					
– Current year/period	11,322	16,064	14,917	9,939	8,480
	<u>11,322</u>	<u>16,064</u>	<u>14,917</u>	<u>9,939</u>	<u>8,480</u>
Effective income tax rate	13.4%	14.2%	18.0%	17.7%	17.4%

Under the current laws and regulations of the Cayman Islands and the BVI, we are not subject to any income tax or capital gains tax in the Cayman Islands and the BVI. Additionally, dividend payments made by us are not subject to withholding tax in the Cayman Islands and the BVI.

Macau Complementary Tax is calculated at 12.0% of the estimated assessable profits exceeding MOP0.6 million during the Track Record Period.

Please refer to note 12 in the Accountants' Report in Appendix I to this prospectus for the income tax reconciliation.

Save as discussed in “Business – Non-compliance” of this prospectus, our Directors confirm that as at the Latest Practicable Date, (i) we have made all required tax filings under the relevant tax laws and regulations and has paid all outstanding tax liabilities due; and (ii) we are not subject to any other dispute or potential dispute with the tax authorities.

Please refer to “Period to period comparison of results of operations” in this section for further details of the analysis of fluctuation of our income tax expense and effective income tax rate.

---

## FINANCIAL INFORMATION

---

### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

**Year ended 31 December 2014 compared to year ended 31 December 2015**

#### *Revenue*

Our revenue increased by approximately MOP97.2 million (or approximately 21.8%) from approximately MOP446.2 million in 2014 to approximately MOP543.4 million in 2015, which was primarily attributable to the combined effect of the following:

- (i) *Structural steelworks, civil engineering construction, and fitting out and renovation works*

Our revenue from structural steelworks, civil engineering construction, and fitting out and renovation works increased by approximately MOP78.7 million (or approximately 24.2%) from approximately MOP325.5 million in 2014 to approximately MOP404.3 million in 2015.

Such increase was mainly due to a significant increase in our contract revenue recognised for two large-scale projects in this business stream, including (i) a structural steelworks and civil engineering construction project for the world's first free-form exoskeleton skyscraper luxury hotel (Project 1); and (ii) a civil engineering construction project for the podium roof steelwork of the "Ballroom" and the "Theatre" for a Paris-themed casino resort in Cotai (Project 4), in aggregate from approximately MOP18.2 million in 2014 to approximately MOP234.4 million in 2015 as a result of the substantial construction progress in 2015 (in which these two projects were commenced in the second half of 2014), partially offset by the completion of the construction of a large-scale civil engineering construction project for the kid entertainment amenities in a large scale integrated resort in Cotai featuring the world's largest water-based extravaganza (Project 3) in 2014 which contributed the contract revenue of approximately MOP128.1 million in that year.

- (ii) *High voltage power substation construction and its system installation works*

Our revenue from high voltage power substation construction and its system installation works slightly decreased by approximately MOP8.6 million (or approximately 8.0%) from approximately MOP107.7 million in 2014 to approximately MOP99.1 million in 2015. Such decrease was mainly due to the larger extent of construction progress in 2014 than that of 2015 for some larger-scale high voltage power substation construction projects awarded to us in or before 2014.

---

## FINANCIAL INFORMATION

---

### *(iii) Facilities management, alteration and maintenance works and services*

Our revenue from facilities management, alteration and maintenance works and services significantly increased by approximately MOP27.0 million (or approximately 207.0%) from approximately MOP13.1 million in 2014 to approximately MOP40.1 million in 2015. Such increase was mainly due to an increase in the number and scale of projects in this business stream contributing revenue to our Group.

### ***Cost of services***

Our cost of services increased by MOP74.3 million (or approximately 21.9%) from approximately MOP338.7 million in 2014 to approximately MOP413.0 million in 2015, which was primarily in line with an increase in our revenue.

Such increase in our cost of services was mainly attributable to an increase in our material costs by approximately MOP68.2 million (or approximately 84.8%) from approximately MOP80.4 million in 2014 to approximately MOP148.6 million in 2015, which was primarily attributable to an increase in costs of steels and other materials used in our two large-scale projects, including (i) a structural steelworks and civil engineering construction project for the world's first free-form exoskeleton skyscraper luxury hotel (Project 1); and (ii) a civil engineering construction project for the podium roof steelwork of the "Ballroom" and the "Theatre" for a Paris-themed casino resort in Cotai (Project 4).

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

Our gross profit increased by approximately 21.3% from approximately MOP107.5 million in 2014 to approximately MOP130.4 million in 2015, which was primarily attributable to an increase in our revenue. The increase in the gross profit of (i) our structural steelworks, civil engineering construction, and fitting out and renovation works by approximately 40.8%; and (ii) our facilities management, alteration and maintenance works and services by approximately 59.3% was primarily in line with the increase in our revenue of the corresponding business streams. The decrease in the gross profit of our high voltage power substation construction and its system installation works by approximately 57.4% was primarily attributable to (i) a decrease in our revenue from high voltage power substation construction and its system installation works as discussed above; and (ii) a significant gross profit of approximately MOP9.4 million generated from the provision of design services of high voltage power substation for a public transport system project in Macau with high gross margin of approximately 54.7% in 2014 mainly due to the complexity of the design of such high voltage power substation.

The gross margin of our structural steelworks, civil engineering construction, and fitting out and renovation works increased from approximately 24.3% in 2014 to approximately 27.5% in 2015 primarily attributable to an increase in the revenue contribution of a civil engineering construction project for the podium roof steelwork of the "Ballroom" and the "Theatre" for a Paris-themed casino resort in Cotai (Project 4) in 2015 which had a higher gross margin of approximately 42.4% mainly due to the favourable project price.

---

## FINANCIAL INFORMATION

---

The gross margin of our high voltage power substation construction and its system installation works significantly decreased from approximately 20.9% in 2014 to approximately 9.7% in 2015 primarily attributable to a decrease in the gross profit of our high voltage power substation construction and its system installation works as discussed above.

The gross margin of our facilities management, alteration and maintenance works and services decreased from approximately 45.6% in 2014 to approximately 23.7% in 2015 primarily attributable to more repair and replacement costs incurred for our facilities management and maintenance works and services in 2015.

Our overall gross margin remained stable at approximately 24.1% and 24.0% in 2014 and 2015, respectively.

### *Administrative expenses*

Our administrative expenses decreased by approximately 27.2% from approximately MOP23.3 million in 2014 to approximately MOP16.9 million in 2015 primarily attributable to (i) a decrease in our legal and professional fees mainly due to the fact that we incurred significant amount of legal and professional fees in relation to our Group's restructuring in 2014, partially offset by (i) an increase in our staff costs mainly due to the increment of headcount; (ii) an increase in our depreciation as a result of significant additions of plant and machinery in 2014; (iii) an increase in our recruitment expenses in relation to the increased need for the employment of foreign labour for our projects; and (iv) an increase in our consumables mainly due to the repair works for our warehouses in 2015.

### *Income tax expense*

Our income tax expense increased by approximately 41.9% from approximately MOP11.3 million in 2014 to approximately MOP16.1 million in 2015 primarily in line with an increase in our profit before tax which was mainly due to (i) an increase in our gross profit as discussed above; and (ii) a decrease in our administrative expenses as discussed above.

Our effective income tax rate increased from approximately 13.4% in 2014 to approximately 14.2% in 2015 primarily attributable to an increase in our non-tax deductible expenses mainly due to the amount of contract costs exceeding actual costs incurred.

### *Profit for the year*

Our profit for the year increased by approximately 33.1% from approximately MOP73.0 million in 2014 to approximately MOP97.1 million in 2015 primarily attributable to the combined effect of the abovementioned items.



---

## FINANCIAL INFORMATION

---

### Year ended 31 December 2015 compared to year ended 31 December 2016

#### *Revenue*

Our revenue decreased by approximately MOP78.5 million (or approximately 14.5%) from approximately MOP543.4 million in 2015 to approximately MOP464.9 million in 2016, which was primarily attributable to the combined effect of the following:

(i) *Structural steelworks, civil engineering construction, and fitting out and renovation works*

Our revenue from structural steelworks, civil engineering construction, and fitting out and renovation works decreased by approximately MOP170.6 million (or approximately 42.2%) from approximately MOP404.3 million in 2015 to approximately MOP233.7 million in 2016. Such decrease was mainly due to the fact that (i) the works for a majority of our large-scale projects in this business stream awarded in 2016, including the site management project and a high-end atrium fitting out project (Project 2) for the world's first free-form exoskeleton skyscraper luxury hotel, were only commenced in the second half of 2016; (ii) we had substantial progress of works for some of our other large-scale projects in this business stream (such as Project 4 and various other projects in Hollywood-inspired, cinematically-themed resort in Cotai) during 2015 (which were completed or substantially completed by the end of 2015); and (iii) we were only awarded with certain smaller-scale projects in this business stream during 2015.

(ii) *High voltage power substation construction and its system installation works*

Our revenue from high voltage power substation construction and its system installation works increased by approximately MOP87.6 million (or approximately 88.4%) from approximately MOP99.1 million in 2015 to approximately MOP186.7 million in 2016. Such increase was mainly due to a significant increase in our contract revenue recognised for our two largest projects in this business stream during the Track Record Period, namely (i) a high voltage power substation construction project for a Macau hospital (Project 6); and (ii) a high voltage power substation construction project for a resort hotel in Cotai, Macau (Project 8), in aggregate from approximately MOP22.7 million in 2014 to approximately MOP157.1 million in 2015 as a result of the substantial construction progress in 2015, partially offset by the gradual completion of some smaller-scale projects in this business stream in 2015 and 2016.

(iii) *Facilities management, alteration and maintenance work and services*

Our revenue from facilities management, alteration and maintenance works and services increased by approximately MOP4.4 million (or approximately 11.0%) from approximately MOP40.1 million in 2015 to approximately MOP44.5 million in 2016. Such increase was mainly due to the commencement of certain new hotel and casino high/mid/low voltage power system facilities management and maintenance works and services in 2016.

---

## FINANCIAL INFORMATION

---

### *Cost of services*

Our cost of services decreased by approximately MOP45.4 million (or approximately 11.0%) from approximately MOP413.0 million in 2015 to approximately MOP367.6 million in 2016, which was primarily in line with a decrease in our revenue.

Such decrease in our cost of services was mainly attributable to the combined effect of (i) a decrease in our material costs by approximately MOP12.4 million (or approximately 8.3%) from approximately MOP148.6 million in 2015 to approximately MOP136.2 million in 2016; and (ii) a decrease in our subcontracting costs by approximately MOP37.9 million (or approximately 20.0%) from approximately MOP189.4 million in 2015 to approximately MOP151.5 million in 2016, mainly due to a decrease in our revenue from structural steelworks, civil engineering construction, and fitting out and renovation works as discussed above.

### *Gross profit and gross margin*

Our gross profit decreased by approximately 25.4% from approximately MOP130.4 million in 2015 to approximately MOP97.2 million in 2016, which was primarily attributable to a decrease in our revenue. The fluctuation of our gross profit of each of our business streams also generally followed the fluctuation of our revenue of each of our business streams.

The gross margin of our structural steelworks, civil engineering construction, and fitting out and renovation works slightly decreased from approximately 27.5% in 2015 to approximately 26.0% in 2016 primarily attributable to a decrease in the revenue contribution of a civil engineering construction project for the podium roof steelwork of the “Ballroom” and the “Theatre” for a Paris-themed casino resort in Cotai (Project 4) in 2015 which had a higher gross margin of approximately 42.4%.

The gross margin of our high voltage power substation construction and its system installation works increased from approximately 9.7% in 2015 to approximately 12.9% in 2016 primarily attributable to the completion of various high voltage power substation construction projects in 2015 with lower gross margins.

The gross margin of our facilities management, alteration and maintenance works and services increased from approximately 23.7% in 2015 to approximately 27.8% in 2016 primarily attributable to the commencement of certain new hotel and casino high/mid/low voltage power system facilities management and maintenance works and services in 2016 with no material repair and replacement costs incurred.

Considering that the effects of (i) the decrease in the gross margin of our structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) the increase in the portion of revenue and gross profit contribution from our high voltage power substation construction and its system installation works (which had the lowest gross margin among our three business streams), partially offset by the increase in the gross margin of our facilities management, alteration and maintenance works and services, our overall gross margin decreased from approximately 24.0% in 2015 to approximately 20.9% in 2016.

---

## FINANCIAL INFORMATION

---

### *Administrative expenses*

Our administrative expenses decreased by approximately 13.8% from approximately MOP16.9 million in 2015 to approximately MOP14.6 million in 2016 primarily attributable to (i) a decrease in our recruitment expenses incurred to recruitment agents; and (ii) a decrease in our consumables used in the repair works for our warehouses.

### *Income tax expense*

Our income tax expense decreased by approximately 7.1% from approximately MOP16.1 million in 2015 to approximately MOP14.9 million in 2016 primarily attributable to a decrease in our profit before tax which was mainly due to a decrease in our gross profit as discussed above, partially offset by an increase in our non-tax deductible expenses mainly due to (i) an increase in our expenses and costs incurred to non-Macau service providers which are non-tax deductible; and (ii) the amount of contract costs exceeding actual costs incurred.

Our effective income tax rate increased from approximately 14.2% in 2015 to approximately 18.0% in 2016 primarily attributable to an increase in our non-tax deductible expenses as discussed above.

### *Profit for the year*

Our profit for the year decreased by approximately 30.0% from approximately MOP97.1 million in 2015 to approximately MOP68.0 million in 2016 primarily attributable to the combined effect of the abovementioned items.

## **Eight months ended 31 August 2016 compared to eight months ended 31 August 2017**

### *Revenue*

Our revenue increased by approximately MOP92.4 million (or approximately 30.9%) from approximately MOP299.1 million for the eight months ended 31 August 2016 to approximately MOP391.5 million for the eight months ended 31 August 2017, which was primarily attributable to the combined effect of the following:

- (i) *Structural steelworks, civil engineering construction, and fitting out and renovation works*

Our revenue from structural steelworks, civil engineering construction, and fitting out and renovation works increased by approximately MOP139.2 million (or approximately 87.5%) from approximately MOP159.1 million for the eight months ended 31 August 2016 to approximately MOP298.3 million for the eight months ended 31 August 2017. Such increase was mainly due to the revenue generated from our three large-scale projects in this business stream awarded/commenced in April and November 2016, namely (i) the site management project and a high end atrium fitting out project

---

## FINANCIAL INFORMATION

---

(Project 2) for the world's first free-form exoskeleton skyscraper luxury hotel; and (ii) a substructural steelworks construction project for a well-known hotel casino in Sé, Macau (Project 5), which aggregately contributed the revenue of approximately MOP173.4 million for the eight months ended 31 August 2017.

*(ii) High voltage power substation construction and its system installation works*

Our revenue from high voltage power substation construction and its system installation works decreased by approximately MOP58.9 million (or approximately 52.5%) from approximately MOP112.1 million for the eight months ended 31 August 2016 to approximately MOP53.2 million for the eight months ended 31 August 2017. Such decrease was mainly due to the substantial completion of two large-scale high voltage power substation construction projects for a Macau hospital (Project 6) and a resort hotel in Cotai, Macau (Project 8) in 2016.

*(iii) Facilities management, alteration and maintenance works and services*

Our revenue from facilities management, alteration and maintenance works and services increased by approximately MOP12.1 million (or approximately 43.6%) from approximately MOP27.8 million for the eight months ended 31 August 2016 to approximately MOP39.9 million for the eight months ended 31 August 2017. Such increase was mainly due to the commencement of certain new hotel and casino high/mid/low voltage power system facilities management and maintenance works and services in 2017.

### ***Cost of services***

Our cost of services increased by approximately MOP83.0 million (or approximately 35.7%) from approximately MOP232.4 million for the eight months ended 31 August 2016 to approximately MOP315.3 million for the eight months ended 31 August 2017, which was primarily in line with an increase in our revenue, and mainly reflected by an increase in our subcontracting costs by approximately MOP125.5 million (or approximately 157.4%) from approximately MOP79.7 million for the eight months ended 31 August 2016 to approximately MOP205.2 million for the eight months ended 31 August 2017 mainly due to more subcontracting works were used for a high-end atrium fitting out project for the world's first free-form exoskeleton skyscraper luxury hotel (Project 2), partially offset by a decrease in our material costs by approximately MOP49.4 million (or approximately 51.9%) from approximately MOP95.1 million for the eight months ended 31 August 2016 to approximately MOP45.7 million for the eight months ended 31 August 2017.

---

## FINANCIAL INFORMATION

---

### *Gross profit and gross margin*

Our gross profit increased by approximately 14.2% from approximately MOP66.7 million for the eight months ended 31 August 2016 to approximately MOP76.1 million for the eight months ended 31 August 2017, which was primarily attributable to an increase in our revenue. The fluctuation of our gross profit of each of our business streams also followed the fluctuation of our revenue of each of our business streams.

The gross margin of our structural steelworks, civil engineering construction, and fitting out and renovation works decreased from approximately 26.6% for the eight months ended 31 August 2016 to approximately 20.1% for the eight months ended 31 August 2017 primarily attributable to the adoption of a more competitive pricing strategy in tendering our large-scale projects awarded in the second half of 2016 in this business stream in the view of the keen market competition.

The gross margin of our high voltage power substation construction and its system installation works increased from approximately 13.0% for the eight months ended 31 August 2016 to approximately 16.0% for the eight months ended 31 August 2017 primarily attributable to the fact that the two large-scale high voltage power substation construction projects for a Macau hospital (Project 6) and a resort hotel in Cotai, Macau (Project 8) with lower gross margins contributed a significant proportion of our gross profit for the eight months ended 31 August 2016.

The gross margin of our facilities management, alteration and maintenance works and services decreased from approximately 34.9% for the eight months ended 31 August 2016 to approximately 19.5% for the eight months ended 31 August 2017 primarily attributable to less materials and components used for our repair and maintenance services for the eight months ended 31 August 2016.

Owing to the decrease in the gross margins of (i) our structural steelworks, civil engineering construction, and fitting out and renovation works; and (ii) our facilities management, alteration and maintenance works and services, our overall gross margin decreased from approximately 22.3% for the eight months ended 31 August 2016 to approximately 19.4% for the eight months ended 31 August 2017.

### *Administrative expenses*

Our administrative expenses increased by approximately 38.9% from approximately MOP10.6 million for the eight months ended 31 August 2016 to approximately MOP14.7 million for the eight months ended 31 August 2017 primarily attributable to an increase in our staff costs mainly due to the increment of headcount and the recognition of our Directors' emoluments of approximately MOP1.4 million for the eight months ended 31 August 2017.

For further details of our Directors' emoluments, please refer to "Directors and senior management – Compensation of Directors and senior management" of this prospectus and note 10 to the Accountants' Report in Appendix I to this prospectus.

---

## FINANCIAL INFORMATION

---

### *Income tax expense*

Our income tax expense decreased by approximately 14.7% from approximately MOP9.9 million for the eight months ended 31 August 2016 to approximately MOP8.5 million for the eight months ended 31 August 2017 primarily in line with a decrease in our profit before tax and a decrease in our non-tax deductible expenses mainly due to the amount of contract costs exceeding actual costs incurred for the eight months ended 31 August 2016.

Our effective income tax rate maintained stable at approximately 17.7% and 17.4% for the eight months ended 31 August 2016 and 2017, respectively.

### *Profit for the period*

Our profit for the period decreased by approximately 13.2% from approximately MOP46.4 million for the eight months ended 31 August 2016 to approximately MOP40.2 million for the eight months ended 31 August 2017 primarily attributable to (i) the combined effect of the abovementioned items; and (ii) the recognition of our listing expenses of approximately MOP13.1 million for the eight months ended 31 August 2017.

## SENSITIVITY AND BREAKEVEN ANALYSIS

### Sensitivity analysis

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of (i) our contract price; (ii) our material costs; (iii) our direct labour costs; and (iv) our subcontracting costs, assuming all other variables remaining constant, on our profit before tax for the periods indicated:

	<u>+3%</u>	<u>+5%</u>	<u>-3%</u>	<u>-5%</u>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
<b>Hypothetical fluctuations in contract price:</b>				
Year ended 31 December 2014	13,387	22,312	(13,387)	(22,312)
Year ended 31 December 2015	16,303	27,171	(16,303)	(27,171)
Year ended 31 December 2016	13,946	23,244	(13,946)	(23,244)
Eight months ended 31 August 2017	11,744	19,573	(11,744)	(19,573)

## FINANCIAL INFORMATION

	+6%	+17%	-6%	-17%
	MOP'000	MOP'000	MOP'000	MOP'000
<b>Hypothetical fluctuations in material costs: (Note 1)</b>				
Year ended 31 December 2014	(4,824)	(13,667)	4,824	13,667
Year ended 31 December 2015	(8,913)	(25,254)	8,913	25,254
Year ended 31 December 2016	(8,172)	(23,155)	8,172	23,155
Eight months ended 31 August 2017	(2,743)	(7,772)	2,743	7,772

	+9%	+12%	-9%	-12%
	MOP'000	MOP'000	MOP'000	MOP'000
<b>Hypothetical fluctuations in direct labour costs: (Note 2)</b>				
Year ended 31 December 2014	(3,334)	(4,446)	3,334	4,446
Year ended 31 December 2015	(3,943)	(5,258)	3,943	5,258
Year ended 31 December 2016	(4,829)	(6,438)	4,829	6,438
Eight months ended 31 August 2017	(4,677)	(6,236)	4,677	6,236

<b>Hypothetical fluctuations in subcontracting costs: (Note 2)</b>				
Year ended 31 December 2014	(18,494)	(24,659)	18,494	24,659
Year ended 31 December 2015	(17,050)	(22,733)	17,050	22,733
Year ended 31 December 2016	(13,637)	(18,183)	13,637	18,183
Eight months ended 31 August 2017	(18,470)	(24,626)	18,470	24,626

*Notes:*

- (1) The hypothetical fluctuation rates for our material costs are set at 6% and 17%, which correspond to the CAGRs of the price of steel and concrete from 2012 to 2016 as stated in "Industry overview – Overview of the construction service market in Macau – Raw material cost" of this prospectus.
- (2) The hypothetical fluctuation rates for our direct labour costs and subcontracting costs are set at 9% and 12%, which correspond to the maximum and minimum CAGRs of average daily wage of the overall construction workers and electrical workers in Macau from 2012 to 2016 as stated in "Industry overview – Overview of the construction service market in Macau – Labour cost" of this prospectus.

### Breakeven analysis

For illustrative purpose, assuming all other variables remaining constant, we would record breakeven in our profit before tax if our cost of services increased by approximately 24.9%, 27.4%, 22.6% and 15.5% during the Track Record Period, respectively.

### LIQUIDITY AND CAPITAL RESOURCES

Our source of funds for our operations mainly comes from (i) capital contribution from our Controlling Shareholders; and (ii) cash generated from our operating activities. We did not experience any liquidity shortage during the Track Record Period. We managed our liquidity risks by maintaining adequate reserves, credit facilities, monitoring our forecasted and actual cash flows and matching the maturity profiles of our assets and liabilities continuously.

## FINANCIAL INFORMATION

In the future, we may need additional cash resources as a result of (i) the change of our business conditions or other developments; and (ii) opportunities for investment, acquisition, and collaborations of other similar actions. Upon the Listing, our source of funds will be mainly a combination of (i) internal generated funds; (ii) borrowings; and (iii) net proceeds from the Global Offering. However, our ability to fund our working capital needs, repay our indebtedness and finance other obligations depends on our future operating performance and cash flow, which are in turn subject to the prevailing economic conditions, the level of spending by our customers and other factors, many of which are beyond our control. If our existing cash resources are insufficient to meet our requirements, we may seek to obtain extra credit facilities, or sell or issue equity securities, which might result in dilution to our Shareholders.

### Net current assets

The following table sets out a breakdown of our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at 31 August	As at 31 December
	2014	2015	2016	2017	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i> (unaudited)
<b>Current assets</b>					
Amounts due from customers					
for contract works	18,423	13,304	10,165	7,914	8,847
Debtors, deposits and prepayments	140,453	142,756	97,428	88,686	50,162
Amounts due from related companies	20,392	22,866	23,438	50,707	83,396
Amounts due from Controlling Shareholders	4,056	419	26,460	46	45
Pledged bank deposits	1,322	15,364	26,457	27,481	41,108
Bank balances and cash	102,654	138,741	107,367	195,307	165,882
	287,300	333,450	291,315	370,141	349,440
<b>Current liabilities</b>					
Amounts due to customers					
for contract works	6,748	–	7,601	3,707	6,121
Amounts due to related companies	24,626	11,753	9,142	2,368	2,739
Amounts due to Controlling Shareholders	–	2,053	–	5,021	5,020
Creditors and accrued charges	156,193	137,905	81,408	159,734	133,757
Tax liabilities	16,339	31,891	44,108	51,997	37,877
	203,906	183,602	142,259	222,827	185,514
<b>Net current assets</b>	83,394	149,848	149,056	147,314	163,926



## FINANCIAL INFORMATION

Our net current assets increased from approximately MOP83.4 million as at 31 December 2014 to approximately MOP149.8 million as at 31 December 2015, which was primarily attributable to our profit of approximately MOP97.1 million in 2015, partially offset by the payment of dividend of approximately MOP30.9 million in 2015.

Our net current assets slightly decreased to approximately MOP149.1 million as at 31 December 2016, which was primarily attributable to (i) the payment of dividend of approximately MOP61.8 million in 2016; and (ii) the deposit of approximately MOP8.3 million in 2016 placed for the acquisition of two heavy duty tower cranes and a vehicle, largely offset by our profit of approximately MOP68.0 million in 2016.

Our net current assets decreased to approximately MOP147.3 million as at 31 August 2017, which was primarily attributable to (i) the payment of dividend of approximately MOP41.2 million for the eight months ended 31 August 2017; and (ii) the payments for the purchases of property, plant and equipment of approximately MOP4.0 million for the eight months ended 31 August 2017, largely offset by our profit of approximately MOP40.2 million in the same period of 2017.

Our net current assets increased to approximately MOP163.9 million as at 31 December 2017, which was primarily attributable to our profit generated for the four months ended 31 December 2017.

Our amounts due from customers for contract works increased from approximately MOP7.9 million as at 31 August 2017 to approximately MOP8.8 million as at 31 December 2017 primarily attributable to an increase in the number of our projects in progress which were in the excess of our contract revenue recognised over our progress billings. The following table sets out a breakdown, an ageing analysis of our amounts due from customers for contract works by projects as at 31 December 2017:

<b>Description of project</b>	<b>Amounts due from customers for contract works</b>	<b>Ageing analysis</b>		
		<b>0 to 30 days</b>	<b>31 to 120 days</b>	<b>121 to 365 days</b>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Site management project for the world's first free-form exoskeleton skyscraper luxury hotel	6,406	1,975	4,431	–
Project for the installation of solar panels for the world's first and highest figure-8 ferris wheel at a Hollywood-inspired, cinematically-themed resort in Cotai	786	786	–	–
Other projects	1,655	833	653	169
<b>Total</b>	<b>8,847</b>	<b>3,594</b>	<b>5,084</b>	<b>169</b>

## FINANCIAL INFORMATION

As at the Latest Practicable Date, none of our amounts due from customers for contract works as at 31 December 2017 was subsequently billed and settled.

Please refer to “Discussion of selected balance sheet items” in this section for further analysis of the components of our current assets and current liabilities.

### Cash flows

The following table sets out a summary of cash flows, which is extracted from our consolidated statements of cash flows in the Accountants’ Report in Appendix I to this prospectus, for the periods indicated:

	Year ended 31 December			Eight months ended 31 August	
	2014	2015	2016	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
				(unaudited)	
Net cash from operating activities	108,715	82,080	79,483	951	80,303
Net cash (used in)/from investing activities	(20,414)	(16,427)	(47,004)	(29,434)	43,732
Net cash used in financing activities	(20,207)	(29,566)	(63,853)	(63,853)	(36,095)
Net increase/(decrease) in cash and cash equivalents	68,094	36,087	(31,374)	(92,336)	87,940
Cash and cash equivalents at beginning of the year/period	34,560	102,654	138,741	138,741	107,367
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	<u>102,654</u>	<u>138,741</u>	<u>107,367</u>	<u>46,405</u>	<u>195,307</u>

We recorded cash outflows of approximately MOP31.4 million and MOP92.3 million in 2016 and for the eight months ended 31 August 2016, respectively, primarily attributable to (i) our advances of approximately MOP27.8 million and MOP26.2 million to Mr. Kuok and Mr. Lam in 2016 and for the eight months ended 31 August 2016, respectively; and (ii) a higher amount of our dividend paid of approximately MOP61.8 million for the eight months ended 31 August 2016 as compared to approximately MOP15.5 million, MOP30.9 million and MOP41.2 million in 2014, 2015 and for the eight months ended 31 August 2017, respectively.

---

## FINANCIAL INFORMATION

---

### *Operating activities*

During the Track Record Period, our cash generated from operating activities principally represented the receipt of payments from our customers, while our cash used in operating activities was mainly related to the payments for costs incurred in our projects, expenses relating to operating activities and income tax.

Net cash from operating activities reflects our profit before tax adjusted for: (i) non-cash items; (ii) the effects of changes in working capital; and (iii) items not related to operating activities.

In 2014, our net cash from operating activities was approximately MOP108.7 million, comprising cash from operations of approximately MOP108.8 million, subtracted by the payment of income tax of approximately MOP77,000. Our cash used in operations comprised profit before tax of approximately MOP84.3 million and mainly adjusted for changes in working capital primarily reflected by (i) an increase in debtors, deposits and prepayments of approximately MOP106.9 million; (ii) an increase in amounts due from customers for contract works of approximately MOP14.3 million; (iii) an increase in creditors and accrued charges of approximately MOP119.9 million; and (iv) an increase in amounts due to related companies of approximately MOP23.4 million.

In 2015, our net cash from operating activities was approximately MOP82.1 million, comprising cash generated from operations of approximately MOP82.6 million, subtracted by the payment of income tax of approximately MOP0.5 million. Our cash used in operations comprised profit before tax of approximately MOP113.1 million and mainly adjusted for changes in working capital primarily reflected by (i) a decrease in creditors and accrued charges of approximately MOP18.3 million; and (ii) a decrease in amounts due to related companies of approximately MOP12.2 million.

In 2016, our net cash from operating activities was approximately MOP79.5 million, comprising cash generated from operations of approximately MOP82.2 million, subtracted by the payment of income tax of approximately MOP2.7 million. Our cash used in operations comprised profit before tax of approximately MOP82.9 million and mainly adjusted for changes in working capital primarily reflected by (i) a decrease in debtors, deposits and prepayments of approximately MOP45.3 million; and (ii) a decrease in creditors and accrued charges of approximately MOP56.5 million.

For the eight months ended 31 August 2017, our net cash from operating activities was approximately MOP80.3 million, comprising cash generated from operations of approximately MOP80.9 million, subtracted by the payment of income tax of approximately MOP0.6 million. Our cash used in operations comprised profit before tax of approximately MOP48.7 million and mainly adjusted for changes in working capital primarily reflected by (i) a decrease in debtors, deposits and prepayments of approximately MOP11.4 million; (ii) an increase in amounts due from related companies of approximately MOP49.2 million; (iii) an increase in creditors and accrued charges of approximately MOP78.0 million; and (iv) a decrease in amounts due to related companies of approximately MOP9.1 million.

---

## FINANCIAL INFORMATION

---

Please refer to “Discussion of selected balance sheet items” in this section for further details of and analysis of our working capital.

### *Investing activities*

During the Track Record Period, our cash generated from investing activities mainly consisted of repayments from our related companies and Controlling Shareholders, while our cash used in investing activities mainly consisted of purchases and deposits for the purchases of property, plant and equipment, and advances to our related companies and Controlling Shareholders.

In 2014, our net cash used in investing activities was approximately MOP20.4 million, which was primarily contributed by (i) purchases of property, plant and equipment of approximately MOP7.9 million mainly for our plant and machinery; and (ii) advances to our related companies of approximately MOP26.0 million, partially offset by repayments from our related companies of approximately MOP13.7 million.

In 2015, our net cash used in investing activities was approximately MOP16.4 million, which was primarily contributed by (i) purchases of property, plant and equipment of approximately MOP2.4 million mainly for our motor vehicle and plant and machinery; (ii) advances to our related companies of approximately MOP26.1 million; and (iii) an increase in pledged bank deposits of approximately MOP14.0 million, partially offset by (i) repayments from our related companies of approximately MOP22.4 million; and (ii) repayments from our Controlling Shareholders of approximately MOP3.6 million.

In 2016, our net cash used in investing activities was approximately MOP47.0 million, which was primarily contributed by (i) advances to our related companies of approximately MOP22.0 million; (ii) advances to our Controlling Shareholders of approximately MOP27.8 million; (iii) an increase in pledged bank deposits of approximately MOP11.1 million; and (iv) deposits for the purchases of property, plant and equipment of approximately MOP8.3 million for our two heavy duty tower cranes and a vehicle, partially offset by repayments from our related companies of approximately MOP21.4 million.

For the eight months ended 31 August 2017, our net cash from investing activities was approximately MOP43.7 million, which was primarily contributed by (i) repayments from our Controlling Shareholders of approximately MOP26.4 million; and (ii) repayments from our related companies of approximately MOP33.3 million, partially offset by purchases of property, plant and equipment of approximately MOP4.0 million mainly for our plant and machinery.

---

## FINANCIAL INFORMATION

---

### *Financing activities*

During the Track Record Period, our cash generated from financing activities mainly consisted of advances from our Controlling Shareholders, while our cash used in financing activities mainly consisted of repayments to our related companies and Controlling Shareholders, our dividend payments and the payments of our issued costs.

In 2014, our net cash used in financing activities was approximately MOP20.2 million, which was mainly contributed by (i) repayments to our related companies of approximately MOP4.8 million; and (ii) our dividend payments of approximately MOP15.5 million.

In 2015, our net cash used in financing activities was approximately MOP29.6 million, which was mainly contributed by our dividend payments of approximately MOP30.9 million, partially offset by advances from our Controlling Shareholders of approximately MOP2.1 million.

In 2016, our net cash used in financing activities was approximately MOP63.9 million, which was mainly contributed by (i) repayments to our Controlling Shareholders of approximately MOP2.6 million; and (ii) our dividend payments of approximately MOP61.8 million.

For the eight months ended 31 August 2017, our net cash used in financing activities was approximately MOP36.1 million, which was contributed by (i) our dividend payments of approximately MOP41.2 million; and (ii) the payments of our issued costs of approximately MOP2.3 million, partially offset by (i) advances from our Controlling Shareholders of approximately MOP5.0 million; and (ii) advances from related companies of approximately MOP2.4 million.

### **Sufficiency of working capital**

Our Directors are of the opinion that, taking into account the financial resources available to us, including our available credit facilities, cash and cash equivalents on hand, cash generated from our operations and the estimated net proceeds from the Global Offering, and in the absence of unforeseen circumstances, we have available sufficient working capital for requirements for at least 12 months from the date of this prospectus.

---

## FINANCIAL INFORMATION

---

### DISCUSSION OF SELECTED BALANCE SHEET ITEMS

#### Property, plant and equipment

The following table sets out a breakdown of our property, plant and equipment as at the dates indicated:

	As at 31 December			As at 31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Motor vehicles	266	1,736	1,321	1,056
Plant and machinery	8,661	7,009	6,112	14,526
Office equipment	95	57	58	50
Computer equipment	146	87	108	117
	9,168	8,889	7,599	15,749

As at 31 December 2014, 2015 and 2016 and 31 August 2017, our property, plant and equipment primarily included our plant and machinery with carrying amounts of approximately MOP8.7 million, MOP7.0 million, MOP6.1 million and MOP14.5 million, respectively, representing approximately 94.5%, 78.9%, 80.4% and 92.2% of our total property, plant and equipment, respectively. Please refer to “Business – Raw materials, machineries and equipment – Machineries and equipment” of this prospectus for further details of our plant and machinery.

Our property, plant and equipment decreased from approximately MOP9.2 million as at 31 December 2014 to approximately MOP8.9 million as at 31 December 2015 and further to approximately MOP7.6 million as at 31 December 2016 primarily attributable to (i) the depreciation of approximately MOP2.3 million and MOP2.4 million charged in 2015 and 2016, respectively; and (ii) the disposal of property, plant and equipment (mainly an elevating platform, and certain computers and peripheral equipment) with total carrying amounts of approximately MOP0.4 million in 2014, partially offset by the additions of property, plant and equipment (mainly a crane truck, a crane, other construction machineries, and certain computers and peripheral equipment) of approximately MOP2.4 million and MOP1.1 million in 2015 and 2016, respectively.

Our property, plant and equipment increased to approximately MOP15.7 million as at 31 August 2017 primarily attributable to the additions of two heavy duty tower cranes of approximately MOP11.3 million for the eight months ended 31 August 2017, partially offset by the depreciation charged for the eight months ended 31 August 2017.

## FINANCIAL INFORMATION

### Deposit for property, plant and equipment

Our deposit for property, plant and equipment of approximately MOP8.3 million as at 31 December 2016 represented deposit payments for our two heavy duty tower cranes and a vehicle. The decrease in our deposit for property, plant and equipment to approximately MOP0.9 million as at 31 August 2017 was primarily attributable to the transfer of our deposit for property, plant and equipment of approximately MOP7.4 million as at 31 December 2016 into property, plant and equipment after the delivery of our two heavy duty tower cranes for the eight months ended 31 August 2017.

### Amounts due from/(to) customers for contract works

The following table sets out a breakdown of our net amounts due from/(to) customers for contract works as at the dates indicated:

	As at 31 December			As at
				31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Contract costs incurred plus recognised profits less recognised losses	335,366	408,480	565,018	403,122
Less: progress billings	(323,691)	(395,176)	(562,454)	(398,915)
<b>Total</b>	<b>11,675</b>	<b>13,304</b>	<b>2,564</b>	<b>4,207</b>
Analysed for reporting purposes as:				
Amounts due from customers for contract works ( <i>Note 1</i> )	18,423	13,304	10,165	7,914
Amounts due to customers for contract works ( <i>Note 2</i> )	(6,748)	–	(7,601)	(3,707)
<b>Total</b>	<b>11,675</b>	<b>13,304</b>	<b>2,564</b>	<b>4,207</b>

*Notes:*

- (1) When contract costs incurred plus recognised profits less recognised losses exceed progress billings, the amount is treated as “amounts due from customers for contract works” as a line item of current assets in our consolidated statements of financial position.
- (2) When progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the amount is treated as “amounts due to customers for contract works” as a line item of current liabilities in our consolidated statements of financial position.

---

## FINANCIAL INFORMATION

---

As at 31 December 2014, 2015 and 2016 and 31 August 2017, our progress billings represented approximately 96.5%, 96.7%, 99.5% and 99.0% of our contract costs incurred plus recognised profits less recognised losses, respectively. Such high ratio (over 95% as at each of the reporting dates) reflected our timely progress billings in respect of our construction progress and revenue recognition during the Track Record Period. Our amounts due from/(to) customers for contract works vary from period to period due to the timing difference in aggregate value of contract works performed by us at the end of each reporting period and the aggregate amount of progress billings charged to our customers at the end of each reporting period.

Our net amounts due from customers for contract works increased from approximately MOP11.7 million as at 31 December 2014 to approximately MOP13.3 million as at 31 December 2015 primarily in line with an increase in our contract revenue.

Our net amounts due from customers for contract works decreased to approximately MOP2.6 million as at 31 December 2016 primarily attributable to the excess of our progress billings over our contract revenue recognised for a high voltage power substation construction project for a Macau hospital (Project 6).

Our net amounts due from customers for contract works increased to approximately MOP4.2 million as at 31 August 2017 primarily attributable to the excess of our contract revenue recognised over our progress billings for the site management project for the world's first free-form exoskeleton skyscraper luxury hotel commenced in November 2016.

As at the Latest Practicable Date, approximately 97.9% of our amounts due from customers for contract works as at 31 August 2017 was subsequently billed, and approximately 97.9% of our amounts due from customers for contract works as at 31 August 2017 was subsequently settled.



---

## FINANCIAL INFORMATION

---

### Debtors, deposits and prepayments

The following table sets out a breakdown of our debtors, deposits and prepayments as at the dates indicated:

	As at 31 December			As at
				31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Trade receivables ( <i>Note 1</i> )	109,034	112,342	73,513	69,043
Retention receivables ( <i>Note 2</i> )	7,011	13,960	18,282	14,380
<b>Subtotal</b>	<b>116,045</b>	<b>126,302</b>	<b>91,795</b>	<b>83,423</b>
Other debtors, deposits and prepayments:				
– Deposits ( <i>Note 3</i> )	592	331	859	1,059
– Prepayments ( <i>Note 4</i> )	15,742	13,402	1,871	–
– Deferred listing expenses	–	–	–	2,647
– Others ( <i>Note 5</i> )	8,074	2,721	2,903	1,557
<b>Subtotal</b>	<b>24,408</b>	<b>16,454</b>	<b>5,633</b>	<b>5,263</b>
<b>Total</b>	<b>140,453</b>	<b>142,756</b>	<b>97,428</b>	<b>88,686</b>

*Notes:*

- (1) Our trade receivables represented the progress billings of our work performed by us which are yet to be received from our customers. We generally allow credit periods of up to 90 days by our customers. Please refer to “Business – Our operation process – Project implementation phase” of this prospectus for further details of our progress billing process.
- (2) Our retention receivables represented the retention monies required by our customers to secure our due performance of the contracts. The defect liability period generally runs for a period of 12 to 24 months following the completion of the project, depending on the type of construction work we undertake. Our customers generally retain a retention fee equal to up to 5% of the total contract sum, which will generally be returned to us in full upon expiry of the defect liability period. Please refer to “Business – Our operation process – Defect liability phase” of this prospectus for further details of our defect liability period and retention fee.
- (3) Our deposits primarily represented our rental and utility deposits.
- (4) Our prepayments primarily represented (i) our prepaid cost of purchases to our suppliers; (ii) our prepaid subcontracting costs to our subcontractors; and (iii) our prepaid insurance.
- (5) Our others primarily represented (i) our advances to our staff and suppliers; and (ii) our receivables from our consortium partner for the expenses paid on behalf for them.

---

## FINANCIAL INFORMATION

---

### *Trade and retention receivables*

Our trade and retention receivables increased from approximately MOP116.0 million as at 31 December 2014 to approximately MOP126.3 million as at 31 December 2015 primarily in line with an increase in our revenue and mainly due to an increase in our retention receivables from approximately MOP7.0 million as at 31 December 2014 to approximately MOP14.0 million as at 31 December 2015, which was primarily as a result of an increase in the number of projects completed and not yet passed their defect liability periods.

Our trade and retention receivables decreased to approximately MOP91.8 million as at 31 December 2016 primarily in line with a decrease in our revenue and mainly due to a decrease in our trade receivables from approximately MOP112.3 million as at 31 December 2015 to approximately MOP73.5 million as at 31 December 2016 mainly as a result of the substantial settlement of our outstanding progress billings as at 31 December 2015 for a structural steelworks and civil engineering construction project for the world's first free-form exoskeleton skyscraper luxury hotel (Project 1) by our customers.

Our trade and retention receivables decreased to approximately MOP83.4 million as at 31 August 2017 despite an increase in our revenue which was primarily attributable to the inclusion of our trade receivables from Customer A of approximately MOP49.2 million as at 31 August 2017 in our amounts due from related companies as a result of the completion of Pre-IPO Investments in June 2017.

The following table sets out our average trade receivables turnover days for the periods indicated:

	<b>Year ended 31 December</b>			<b>Eight months ended 31 August</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>Days</i>	<i>Days</i>	<i>Days</i>	<i>Days</i>
Average trade receivables turnover days ( <i>Note</i> )	55.1	74.3	73.2	44.2

*Note:* Our average trade receivables turnover days equals to the average of the opening and closing balances of our trade receivables divided by our revenue and multiplied by 365 days for 2014 and 2015, 366 days for 2016 and 243 days for the eight months ended 31 August 2017.

## FINANCIAL INFORMATION

The increase in our average trade receivables turnover days from approximately 55.1 days in 2014 to approximately 74.3 days and 73.2 days in 2015 and 2016, respectively, was mainly due to the significant outstanding balances of our trade receivables as at 31 December 2014 and 2015 mainly due to the substantial construction progress for our large-scale projects in 2014 and 2015.

The decrease in our average trade receivables turnover days to approximately 44.2 days for the eight months ended 31 August 2017 was mainly due to a decrease in our trade receivables due to the foregoing reasons discussed above. Taking into the account of our trade receivables due from Customer A (which was included in our amounts due from related companies as at 31 August 2017), our average trade receivables turnover days was approximately 59.5 days for the eight months ended 31 August 2017.

All of our average trade receivables turnover days during the Track Record Period were within our general credit periods of up to 90 days allowed by our customers.

The following table sets out an ageing analysis of our trade receivables, based on invoice date, as at the dates indicated:

	As at 31 December			As at 31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
0 to 90 days	97,875	91,890	52,439	62,245
91 to 365 days	10,910	20,452	18,575	5,035
One to two years	249	–	2,499	241
Over two years	–	–	–	1,522
<b>Total</b>	<b>109,034</b>	<b>112,342</b>	<b>73,513</b>	<b>69,043</b>

The following table sets out an ageing analysis of our trade receivables, based on past due date, as at the dates indicated:

	As at 31 December			As at 31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Neither past due nor impaired	94,646	86,060	46,607	52,528
Overdue:				
– 0 to 90 days	6,320	12,720	17,772	12,094
– 91 to 365 days	7,819	13,562	6,635	2,658
– One to two years	249	–	2,499	241
– Over two years	–	–	–	1,522
<b>Total</b>	<b>109,034</b>	<b>112,342</b>	<b>73,513</b>	<b>69,043</b>

## FINANCIAL INFORMATION

As at 31 December 2014, 2015 and 2016 and 31 August 2017, we had trade receivables of approximately MOP14.4 million, MOP26.3 million, MOP26.9 million and MOP16.5 million which were past due, respectively. No impairment loss on our trade receivables was recognised because there is no significant change in credit quality. In addition, we did not hold any collateral over these past due balances.

The following table sets out an ageing analysis of our retention receivables which are to be settled, based on the expiry of defect liability period, as at the dates indicated:

	As at 31 December			As at 31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
On demand or within one year	7,011	12,358	16,169	14,380
After one year	–	1,602	2,113	–
<b>Total</b>	<b>7,011</b>	<b>13,960</b>	<b>18,282</b>	<b>14,380</b>

As at 31 December 2014, 2015 and 2016 and 31 August 2017, we had retention receivables of approximately MOP0.7 million, MOP2.9 million, MOP6.6 million and MOP6.5 million which were past due, respectively. No impairment loss on our retention receivables was recognised mainly due to there is no significant change in credit quality. In addition, we did not hold any collateral over these past due balances.

We have implemented the following credit control policies to mitigate our credit risk in relation to the collectability of our trade and retention receivables:

- (i) Risk evaluation of our existing and potential customers

To consider whether to submit a project tender or adjust the tendering price or credit terms in a project tender, we determine the risk level of our existing and potential customers by:

- (a) obtaining both internal and external information to understand the background of our existing and potential customers, including the length of business relationship with our Group, payment and default history, principal business, reputation, financial condition, etc.; and
- (b) engaging third party search agents, if necessary, to perform appropriate searches to ascertain the creditworthiness of the existing and potential customers.

---

## FINANCIAL INFORMATION

---

(ii) Monitoring of progress payments

We closely and continuously monitor and follow up the progress payments, especially material overdue payments, with our customers regularly to ascertain the prompt payments from our customers. Follow-up actions for overdue receivables will be on a case-by-case basis, including making phone calls to liaise with customers, issuing demand letters, visiting customer's office and initiating legal proceedings or actions, if necessary.

(iii) Impairment review of outstanding trade and retention receivables

We consider any change in the credit quality from the date credit was initially granted up to the end of each of the reporting period and also the recoverability of outstanding balances at the end of each reporting period based on current creditworthiness and the past collection history of customers, ageing analysis, subsequent settlement to ensure adequate impairment losses are provided.

Please refer to note 28b in the Accountants' Report in Appendix I to this prospectus for further details of our credit risk of our trade receivables.

As at the Latest Practicable Date, approximately MOP62.8 million and MOP5.3 million (or approximately 91.0% and 36.9%) of our trade receivables and retention receivables as at 31 August 2017 were subsequently settled by our customers, respectively.

***Other debtors, deposits and prepayments***

Our other debtors, deposits and prepayments decreased from approximately MOP24.4 million as at 31 December 2014 to approximately MOP16.5 million as at 31 December 2015 primarily attributable to (i) a decrease in our other receivables from approximately MOP8.1 million as at 31 December 2014 to approximately MOP2.7 million as at 31 December 2015 mainly due to the substantial settlement of receivables from our consortium partner; and (ii) a decrease in our prepayments from approximately MOP15.7 million to approximately MOP13.4 million as at 31 December 2015 mainly due to the transfer of our prepayments (primarily related to suppliers for steels and other materials for a structural steelworks and civil engineering construction project for the world's first free-form exoskeleton skyscraper luxury hotel (Project 1)) to our contract costs incurred after the delivery and use of materials in 2015.

Our other debtors, deposits and prepayments decreased to approximately MOP5.6 million as at 31 December 2016 primarily attributable to a decrease in our prepayments to approximately MOP1.9 million as at 31 December 2016 mainly due to the transfer of our prepayments (primarily related to suppliers for steels and other materials for structural steel construction) to our contract costs incurred after the delivery and use of materials in 2016.

Our other debtors, deposits and prepayments decreased to approximately MOP5.3 million as at 31 August 2017 primarily attributable to (i) the transfer all of our prepaid contract costs as at 31 December 2016 to our contract costs incurred for the eight months ended 31 August 2017; and (ii) the repayments of advances to a supplier for the eight months ended 31 August 2017, largely offset by the recognition of our deferred listing expenses of approximately MOP2.6 million as at 31 August 2017.

## FINANCIAL INFORMATION

### Amounts due from/(to) related companies

The following table sets out a breakdown of our amounts due from related companies as at the dates indicated:

	As at 31 December			As at
	2014	2015	2016	31 August
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
<b>Amounts due from related companies:</b>				
<i>– Non-trade nature</i>				
Lei Hong Engineering Limited (Note 1)	9,105	17,756	21,538	–
ACEL Engineering Company Limited (Note 1)	1,715	3,034	1,830	1,490
Hytech Engineering & Materials Co., Ltd (Note 2)	–	–	70	–
Macao Modern Environmental Protection Technology Company Limited (Note 1)	5,768	–	–	–
Companhia De Obras Kai Son (Macau) Limitada (Note 2)	2,499	–	–	–
Lei Mang Engineering Company Limited (Note 2)	52	2,076	–	–
Autoduct (Macao) E&M Engineering Co., Ltd. (Note 1)	18	–	–	–
Subtotal	<u>19,157</u>	<u>22,866</u>	<u>23,438</u>	<u>1,490</u>
<i>– Trade nature</i>				
Aerosun Hung Yip (Macau) Limited (Note 2)	1,235	–	–	–
Customer A (Note 3)	–	–	–	49,217
Subtotal	<u>1,235</u>	<u>–</u>	<u>–</u>	<u>49,217</u>
Total	<u><u>20,392</u></u>	<u><u>22,866</u></u>	<u><u>23,438</u></u>	<u><u>50,707</u></u>

## FINANCIAL INFORMATION

The following table sets out a breakdown of our amounts due to related companies as at the dates indicated:

	As at 31 December			As at
	2014	2015	2016	31 August
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
<b>Amounts due to related companies:</b>				
<i>– Non-trade nature</i>				
Lei Hong Engineering Limited (Note 1)	–	–	–	34
ACEL Engineering Company Limited (Note 1)	–	–	–	2,334
Aerosun Hung Yip (Macau) Limited (Note 2)	719	–	–	–
<b>Subtotal</b>	<b>719</b>	<b>–</b>	<b>–</b>	<b>2,368</b>
<i>– Trade nature</i>				
ACEL Engineering Company Limited (Note 1)	1,885	2,045	1,952	–
Hytech Engineering & Materials Co., Ltd (Note 2)	–	498	–	–
Sieger Facilities Management Limited (Note 2)	–	–	2,609	–
Macao Modern Environmental Protection Technology Company Limited (Note 1)	8,276	–	–	–
Companhia De Obras Kai Son (Macau) Limitada (Note 2)	9,870	–	–	–
Ou Hou Investment and Development Co., Ltd (Note 2)	–	2,000	–	–
Lei Mang Engineering Company Limited (Note 2)	3,876	7,210	4,581	–
<b>Subtotal</b>	<b>23,907</b>	<b>11,753</b>	<b>9,142</b>	<b>–</b>
<b>Total</b>	<b>24,626</b>	<b>11,753</b>	<b>9,142</b>	<b>2,368</b>

*Notes:*

- (1) These companies are our related companies because our Controlling Shareholders have beneficial interests over these companies.
- (2) These companies were our related companies as at 31 December 2014, 2015 and 2016 because (i) Mr. Kuok Wai Hang, son of Mr. Kuok, had beneficial interests over Lei Mang Engineering Company Limited; and (ii) our Controlling Shareholders had beneficial interests over other companies. All of these companies ceased to be our related companies as at 31 August 2017 because the beneficial interests held by Mr. Kuok Wai Hang/our Controlling Shareholders were disposed of to third parties in June/July 2017.
- (3) Customer A is our related company since June 2017 because Mr. Ho is (i) the controlling shareholder of Customer A; and (ii) a shareholder of our Company by virtue of his 100% interest in King Dragon after the completion of the Pre-IPO Investments in June 2017.

---

## FINANCIAL INFORMATION

---

Our amounts due from/(to) related companies primarily comprised (i) balances which were not trading in nature and mainly represented fund transfers and expenses paid on behalf of our Group or vice versa; and (ii) balances which were trading in nature and mainly represented outstanding trade receivables from and trade payables to our related companies. All of our non-trade amounts due from/(to) related companies were unsecured, interest-free and repayable on demand.

As at 31 August 2017, we had trade nature amounts due from related companies of approximately MOP3.8 million which were past due but not impaired. No impairment loss was recognised in respect of our past due trade nature amounts due from related companies because there was no significant change in credit quality and a major portion of our trade nature amounts due from related companies was settled subsequently.

As at the Latest Practicable Date, approximately 99.7% of our trade nature amounts due from related companies as at 31 August 2017 were subsequently settled.

Our Directors confirm that all outstanding non-trade amounts due from/(to) related companies as at 31 August 2017 will be settled or repaid before the Listing.

### Amounts due from/(to) Controlling Shareholders

The following table sets out a breakdown of our amounts due from Controlling Shareholders as at the dates indicated:

	As at 31 December			As at 31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
<b>Amounts due from Controlling Shareholders:</b>				
Mr. Sou	38	38	38	38
Mr. Kuok	4,002	373	13,923	–
Mr. Lam	8	–	12,491	–
Mr. Lao	8	8	8	8
	4,056	419	26,460	46
<b>Total</b>	4,056	419	26,460	46



## FINANCIAL INFORMATION

The following table sets out a breakdown of our amounts due to Controlling Shareholders as at the dates indicated:

	As at 31 December			As at
	2014	2015	2016	31 August
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
<b>Amounts due to Controlling Shareholders:</b>				
Mr. Kuok	–	–	–	1,938
Mr. Lam	–	2,053	–	3,083
<b>Total</b>	<b>–</b>	<b>2,053</b>	<b>–</b>	<b>5,021</b>

All of our amounts due from/(to) Controlling Shareholders were non-trade in nature, unsecured, interest-free and repayable on demand.

Our Directors confirm that all outstanding amounts due from/(to) Controlling Shareholders as at 31 August 2017 will be settled or repaid before the Listing.

### Creditors and accrued charges

The following table sets out a breakdown of our creditors and accrued charges as at the dates indicated:

	As at 31 December			As at
	2014	2015	2016	31 August
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Trade payables ( <i>Note 1</i> )	100,991	35,377	39,780	56,199
Retention payables ( <i>Note 2</i> )	2,435	4,067	2,423	1,640
<b>Subtotal</b>	<b>103,426</b>	<b>39,444</b>	<b>42,203</b>	<b>57,839</b>
Other creditors and accrued charges:				
– Accrued expenses and construction costs ( <i>Note 3</i> )	15,248	12,467	13,795	101,895
– Deposits received from customers	100	–	–	–
– Receipt in advance ( <i>Note 4</i> )	37,419	85,994	25,410	–
<b>Subtotal</b>	<b>52,767</b>	<b>98,461</b>	<b>39,205</b>	<b>101,895</b>
<b>Total</b>	<b>156,193</b>	<b>137,905</b>	<b>81,408</b>	<b>159,734</b>

## FINANCIAL INFORMATION

*Notes:*

- (1) Our trade payables principally represented the payables to our suppliers for the procurement of materials and our subcontractors for the provision of subcontracting works. We are generally allowed credit periods of up to 90 days to our suppliers and subcontractors.
- (2) Our retention payables represented the retention monies retained by us to secure due performance of the contracts by our suppliers and subcontractors.
- (3) Our accrued expenses and construction costs primarily represented (i) the construction costs incurred for our works performed with no invoices had been received yet as at the reporting dates; and (ii) accrued staff costs and direct labour costs.
- (4) Our receipt in advance primarily represented the contract amounts received from our customers before the commencement of our project works.

### *Trade and retention payables*

Our trade and retention payables decreased from approximately MOP103.4 million as at 31 December 2014 to approximately MOP39.4 million and MOP42.2 million as at 31 December 2015 and 2016, respectively, primarily attributable to our substantial payments in 2015 to our suppliers and subcontractors in relation to a large-scale civil engineering construction project for kid entertainment amenities in a large scale integrated resort in Cotai featuring the world's largest water-based extravaganza (Project 3) which was completed in 2014.

Our trade and retention payables increased to approximately MOP57.8 million as at 31 August 2017 primarily in line with an increase in our cost of services and mainly attributable to an increase in our trade payables for the site management project for the world's first free-form exoskeleton skyscraper luxury hotel.

The following table sets out our average trade payables turnover days for the periods indicated:

	<b>Year ended 31 December</b>			<b>Eight months ended 31 August</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>Days</i>	<i>Days</i>	<i>Days</i>	<i>Days</i>
Average trade payables turnover days ( <i>Note</i> )	66.3	60.3	37.4	37.0

*Note:* Our average trade payables turnover days equals to the average of the opening and closing balances of our trade payables divided by our cost of services and multiplied by 365 days for 2014 and 2015, 366 days for 2016 and 243 days for the eight months ended 31 August 2017.

## FINANCIAL INFORMATION

The decrease in our average trade payables turnover days from approximately 66.3 days and 60.3 days in 2014 and 2015, respectively, to approximately 37.4 days in 2016 was mainly due to a substantial decrease in opening balances of trade payables from approximately MOP101.0 million as at 31 December 2014 to approximately MOP35.4 million as at 31 December 2015 due to the foregoing reasons as discussed above.

We maintained stable average trade payables turnover days of approximately 37.4 days and 37.0 days in 2016 and for the eight months ended 31 August 2017, respectively.

All of our average trade payables turnover days during the Track Record Period were within our general credit periods of up to 90 days allowed to our suppliers and subcontractors.

The following table sets out an ageing analysis of our trade payables, based on invoice date, as at the dates indicated:

	As at 31 December			As at 31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
0 to 90 days	100,321	33,993	36,540	51,222
91 to 365 days	103	1,384	3,080	2,747
One to two years	567	–	160	2,230
Total	100,991	35,377	39,780	56,199

The following table sets out an ageing analysis of our retention payables which are to be settled, based on the expiry of defect liability period, as at the dates indicated:

	As at 31 December			As at 31 August
	2014	2015	2016	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
On demand or within one year	1,653	3,839	2,423	1,640
After one year	782	228	–	–
Total	2,435	4,067	2,423	1,640

Our Directors confirm that there had been no material defaults in payment of our trade and retention payables during the Track Record Period.

As at the Latest Practicable Date, approximately 97.9% and 24.4% of our trade payables and retention payables as at 31 August 2017 were subsequently paid, respectively.

## FINANCIAL INFORMATION

### *Other creditors and accrued charges*

Our other creditors and accrued charges increased from approximately MOP52.8 million as at 31 December 2014 to approximately MOP98.5 million as at 31 December 2015 primarily attributable to an increase in receipt in advance from approximately MOP37.4 million as at 31 December 2014 to approximately MOP86.0 million as at 31 December 2015 mainly due to the significant advance payments received from our customer before the commencement of a high voltage power substation construction project for a Macau hospital (Project 6).

Our other creditors and accrued charges decreased to approximately MOP39.2 million as at 31 December 2016 primarily attributable to a decrease in receipt in advance to approximately MOP25.4 million as at 31 December 2016 mainly due to the subsequent utilisation of advance payments to settle our progress billings after the commencement of a high voltage power substation construction project for a Macau hospital (Project 6) in 2016.

Our other creditors and accrued charges increased to approximately MOP101.9 million as at 31 August 2017 primarily attributable to an increase in accrued expenses and construction costs from approximately MOP13.8 million as at 31 December 2016 to approximately MOP101.9 million as at 31 August 2017 mainly due to the accruals of the construction costs for works performed for (i) a high-end atrium fitting out contract for the world's first free-form exoskeleton skyscraper luxury hotel (Project 2); (ii) a substructural steelworks construction project for a well-known hotel casino in Sé, Macau (Project 5); (iii) a power distribution system services and works project for Hong Kong – Zhuhai – Macau Link Bridge – Macau Port of Entry (customs and immigration); and (iv) the demolition and structural modification of MLP Projects in a large scale integrated resort in Cotai featuring the world's largest water-based extravaganza which our suppliers and subcontractors have not yet billed us as at 31 August 2017.

As at the Latest Practicable Date, approximately 56.9% of our accrued expenses and construction costs as at 31 August 2017 was subsequently paid.

### **INDEBTEDNESS**

The following table sets out the outstanding performance bonds issued to our Group as at the dates indicated:

	As at 31 December			As at 31 August	As at 31 December
	2014	2015	2016	2017	2017
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Issued to our Group by banks	73,108	88,982	105,926	127,244	179,327

---

## FINANCIAL INFORMATION

---

As at 31 December 2014, 2015 and 2016 and 31 August 2017, we have given cross guarantees to banks in respect of credit facilities granted to our Group and certain related companies with a total principal amount of approximately MOP71.3 million, MOP280.8 million, MOP279.5 million and MOP588.5 million, respectively.

As at 31 December 2014, 2015 and 2016 and 31 August 2017, these banking facilities were secured by and guaranteed by (i) our pledged bank deposits of approximately MOP1.3 million, MOP15.4 million, MOP26.5 million and MOP27.5 million, respectively; (ii) our promissory notes of approximately MOP233.3 million, MOP595.1 million, MOP595.1 million and MOP965.9 million, respectively; (iii) certain properties owned by Mr. Kuok and Ms. Wong Fong Peng, who is the spouse of Mr. Kuok; and (iv) the personal guarantees of Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao.

On 28 September 2017, we terminated the cross guarantees to a bank in respect of credit facilities granted to our Group and certain related companies with a total principal amount of approximately MOP279.5 million. As a result, our relevant pledged bank deposits, promissory notes of approximately MOP595.1 million, certain secured properties owned by Mr. Kuok and Ms. Wong Fong Peng, and the personal guarantees of Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao were released. On the same day, we have been granted new credit facilities by the same bank with a total principal amount of MOP180.0 million. Such credit facilities are secured by our pledged bank deposits, promissory notes of MOP374.0 million, and the personal guarantees of Mr. Kuok and Mr. Sou.

As at 31 December 2017, we had total credit facilities of approximately MOP437.5 million for the issuance of performance bonds and these credit facilities were secured by (i) our pledged bank deposits of approximately MOP41.1 million; (ii) our promissory notes of approximately MOP744.8 million; and (iii) the personal guarantees of Mr. Kuok and Mr. Sou.

Our Directors confirmed that the personal guarantees provided by Mr. Kuok and Mr. Sou will be released upon the Listing.

In July 2017, with the intention to replace the Bank A Facility in case Bank A did not agree to release the personal guarantees by our Controlling Shareholders upon the Listing, we obtained the Bank B Facility from Bank B. In order to streamline and consolidate our credit facilities for, among other things, better administrative management and lowering our average monthly bank balance maintenance requirements pursuant to the terms of the Bank A Facility and the Bank B Facility, we will terminate the Bank A Facility subject to all formalities being complied with. We are in the process of replacing the issued performance bonds under the Bank A Facility with the Bank B Facility and notifying the relevant project owners or main contractors of the same (if necessary). To the best knowledge and belief of our Directors, the formal agreement to terminate the Bank A Facility is expected to be executed in March 2018 between Bank A and our Group.

Upon completion of the replacement of the issued performance bonds and the termination of the Bank A Facility as mentioned above, we will only have one available credit facility, namely the Bank B Facility, for the issuance of performance bonds by end of March 2018.

## FINANCIAL INFORMATION

Our unutilised credit facilities were committed, unrestricted and could be drawn down at anytime. The following table sets out a breakdown of our total, utilised and unutilised credit facilities as at 31 December 2017 (being the latest practicable date for the purpose of this indebtedness statement):

	As at 31 December 2017		
	Unutilised	Utilised	Total
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
		<i>(Note 2)</i>	
<b>Bank A Facility</b>			
– for the issuance of performance bonds	83,256	96,744	180,000
	<i>(Note 1)</i>		
<b>Bank B Facility</b>			
– for the issuance of performance bonds	174,917	82,583	257,500
– for overdrafts	51,500	–	51,500
<b>Total</b>	<b>309,673</b>	<b>179,327</b>	<b>489,000</b>

*Notes:*

- (1) Our Directors confirm that we will not further utilise the Bank A Facility prior to its termination.
- (2) As at 31 December 2017, we have issued performance bonds of approximately MOP77.4 million under the Bank B Facility for the replacing of the amount of performance bonds (which were still in the process of cancellation with Bank A and not yet released) issued under the Bank A Facility, out of the utilised amount of approximately MOP96.7 million under the Bank A Facility.

For illustrative purpose only, assuming the aforesaid replacement and termination of the Bank A Facility had been completed on or before 31 December 2017, our total unutilised credit facilities and utilised credit facilities for the issuance of performance bonds should have been approximately MOP155.6 million and MOP101.9 million as at 31 December 2017, respectively.

Save as disclosed in “Indebtedness” in this section, as at 31 December 2017 (being the latest practicable date for the purpose of this indebtedness statement), we did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, loans from government, debt securities or other similar indebtedness, finance lease on hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date,

- (i) our facilities are subject to the standard banking conditions and covenants. In addition, there are no material covenants that impose a substantial limitation on our ability to obtain further facilities;
- (ii) we had no material default with regard to covenants and/or breaches of the covenants under our facilities;

---

## FINANCIAL INFORMATION

---

(iii) we had not received any notice from any bank indicating that it might withdraw or downsize our facilities; and

(iv) we do not have any material external debt financing plans.

Our Directors further confirm that there had not been any material change in our indebtedness since 31 December 2017 (being the latest practicable date for the purpose of this indebtedness statement) and up to the Latest Practicable Date.

### Contingent liabilities

Save as disclosed in “Indebtedness” in this section, as at 31 December 2014, 2015 and 2016, 31 August 2017 and 31 December 2017, we did not have any significant contingent liabilities. We are currently not a party to any litigation that is likely to have a material adverse effect on our business, results of operations or financial condition.

### OFF-BALANCE SHEET TRANSACTIONS AND ARRANGEMENTS

We have not entered into any material off-balance sheet transactions or arrangements during the Track Record Period and up to the Latest Practicable Date.

### KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as at the dates/for the periods indicated:

		Year ended/ As at 31 December			Eight months ended/ As at 31 August
<i>Notes</i>	2014	2015	2016	2017	
<i>Profitability ratios:</i>					
Net profit margin before interest and tax (%)	1	18.9%	20.8%	17.8%	12.4%
Net profit margin (%)	2	16.3%	17.9%	14.6%	10.3%
Return on equity (%)	3	78.8%	61.2%	41.2%	36.8%
Return on total assets (%)	4	24.6%	28.4%	22.1%	15.6%
<i>Liquidity ratios:</i>					
Current ratio ( <i>times</i> )	5	1.4	1.8	2.0	1.7

---

## FINANCIAL INFORMATION

---

*Notes:*

- (1) Our net profit margin before interest and tax is calculated based on our profit after deducting our income tax expense and then divided by our revenue, multiplied by 100%.
- (2) Our net profit margin is calculated by our profit divided by our revenue, multiplied by 100%.
- (3) Our return on equity is calculated by our annualised profit divided by the closing balance of our total equity, multiplied by 100%.
- (4) Our return on assets is calculated by our annualised profit divided by the closing balance of our total assets, multiplied by 100%.
- (5) Our current ratio is calculated by the closing balance of our total current assets divided by the closing balance of our total current liabilities.

No quick ratio is separately presented because we did not have any inventory balances as at each of the reporting dates. Thus, our quick ratio is the same as our current ratio.

In addition, no capital adequacy ratios (including gearing ratio, net debt to equity ratio and interest coverage ratio) are calculated because we did not have any bank and other borrowings as at each of the reporting dates and also did not incur any finance costs during the Track Record Period.

### **Net profit margin before interest and tax and net profit margin**

Our net profit margin before interest and tax, and net profit margin increased from approximately 18.9% and 16.3%, respectively, in 2014 to approximately 20.8% and 17.9%, respectively, in 2015 primarily attributable to (i) a decrease in our administrative expenses from approximately MOP23.3 million (representing approximately 5.2% of our total revenue) in 2014 to approximately MOP16.9 million (representing approximately 3.1% of our total revenue) in 2015.

Our net profit margin before interest and tax, and net profit margin decreased to approximately 17.8% and 14.6%, respectively, in 2016 and further to approximately 12.4% and 10.3%, respectively, for the eight months ended 31 August 2017 primarily attributable to (i) a decrease in our gross margin from approximately 24.0% in 2015 to approximately 20.9% and 19.4% in 2016 and for the eight months ended 31 August 2017, respectively; and (ii) the recognition of our listing expenses of approximately MOP13.1 million (representing approximately 3.3% of our total revenue) for the eight months ended 31 August 2017.

Please refer to “Period to period comparison of results of operations” in this section for further details of and the analysis of our administrative expenses and gross margin.

### **Return on equity**

Our return on total equity decreased from approximately 78.8% in 2014 to approximately 61.2% in 2015 primarily attributable to the rate of increase in our equity by approximately 71.5% exceeding the rate of increase in our profit for the year by approximately 33.1%.



---

## FINANCIAL INFORMATION

---

Our return on equity then decreased to approximately 41.2% in 2016 primarily attributable to (i) an increase in our total equity mainly as a result of our profit generated (partially offset by the dividend paid) in 2016; and (ii) a decrease in our profit for the year mainly due to a decrease in our gross profit.

Our return on equity further decreased to approximately 36.8% for the eight months ended 31 August 2017 primarily attributable to a decrease in our annualised profit (as compared to our profit for the year in 2016) by approximately 11.2% mainly due to a decrease in our gross margin and the recognition of our listing expenses.

### **Return on total assets**

Our return on total assets increased from approximately 24.6% in 2014 to approximately 28.4% in 2015 primarily attributable to the rate of increase in our profit for the year by approximately 33.1% exceeding the rate of increase in our total assets by approximately 15.5% mainly because we had higher level of total assets as at 31 December 2014 as compared to our profit for the year in 2014.

Our return on total assets decreased to approximately 22.1% in 2016 primarily attributable to a decrease in our profit for the year mainly due to a decrease in our gross profit.

Our return on total assets further decreased to approximately 15.6% for the eight months ended 31 August 2017 primarily attributable to (i) a decrease in our annualised profit (as compared to our profit for the year in 2016) by approximately 11.2% mainly due to a decrease in our gross margin and the recognition of our listing expenses; and (ii) an increase in our total assets by approximately 25.9% mainly due to an increase in our bank balances and cash.

### **Current ratio**

Our current ratio increased from approximately 1.4 times as at 31 December 2014 to approximately 1.8 times as at 31 December 2015 primarily attributable to an increase in our net current assets from approximately MOP83.4 million as at 31 December 2014 to approximately MOP149.8 million as at 31 December 2015, which was mainly due to our net profit generated exceeding our dividend paid in 2015.

Our current ratio increased to 2.0 times as at 31 December 2016 primarily attributable to a decrease in our current liabilities by approximately 22.5% mainly due to a decrease in our creditors and accrued charges as discussed in “Discussion of selected balance sheet items – Creditors and accrued charges” in this section.

Our current ratio decreased to approximately 1.7 times as at 31 August 2017 primarily attributable to (i) a decrease in our net current assets from approximately MOP149.1 million as at 31 December 2016 to approximately MOP147.3 million as at 31 August 2017; and (ii) an increase in our current liabilities by approximately 56.6% mainly due to an increase in our creditors and accrued charges as discussed in “Discussion of selected balance sheet items – Creditors and accrued charges” in this section.

---

## FINANCIAL INFORMATION

---

### CAPITAL EXPENDITURES

In 2014, 2015 and 2016 and the eight months ended 31 August 2017, we paid an aggregate amount of approximately MOP7.9 million, MOP2.4 million, MOP9.4 million and MOP4.0 million, respectively, for capital expenditures primarily in relation to the purchases of our plant and machinery, and motor vehicles.

We intend to fund our planned capital expenditures through a combination of the net proceeds receivable by us from the Global Offering and the cash flows generated from our operating activities. Save as disclosed in “Future plans and use of proceeds” of this prospectus, we have no other material planned capital expenditure in 2017 and 2018.

### COMMITMENTS

#### Capital commitments

Please refer to note 24 in the Accountants’ Report in Appendix I to this prospectus for further details of our capital commitments.

#### Operating lease commitments

Please refer to note 23 in the Accountants’ Report in Appendix I to this prospectus for further details of our operating lease commitments.

### LISTING EXPENSES

The total estimated listing expenses in connection with the Global Offering are approximately HK\$39.7 million (based on the mid-point of the Offer Price of HK\$1.125 per Offer Share and assuming no Over-allotment Option will be exercised), of which approximately HK\$12.7 million has been charged to our profit or loss for the eight months ended 31 August 2017, approximately HK\$0.5 million and HK\$10.0 million are expected to be charged to our profit or loss for the four months ended 31 December 2017 and the year ending 31 December 2018, respectively, approximately HK\$14.1 million is expected to be accounted for as a deduction from equity upon the Listing and the remaining amount of approximately HK\$2.4 million will be borne by the Selling Shareholders.

Our Directors are of the view that our financial results for the year ended 31 December 2017 and the year ending 31 December 2018 are expected to be adversely affected by, among others, our listing expenses, the nature of which is non-recurring. Potential investors should note that our financial performance for the year ended 31 December 2017 and the year ending 31 December 2018 is expected to be adversely affected by our estimated non-recurring listing expenses mentioned above, and may or may not be comparable to our financial performance in the past.

---

## **FINANCIAL INFORMATION**

---

In addition, our Directors would like to emphasise that the amount of our listing expenses is a current estimate for reference only and the final amount to be recognised in our financial statements is subject to adjustment based on audit and the then changes in variables and assumptions.

### **DIVIDENDS AND DISTRIBUTABLE RESERVE**

We declared the dividends of approximately MOP15.5 million, MOP30.9 million, MOP61.8 million and MOP41.2 million to the then respective shareholders during the Track Record Period, respectively. No dividend has been declared and distributed after the Track Record Period and until the Latest Practicable Date.

Our Directors have absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment, subject to the applicable laws and regulations and the approval by our Shareholders. Considering our financial position, our Directors currently intend, subject to applicable laws and regulations and the approval by our Shareholders, and in the absence of any circumstances which might reduce the amount available for distribution whether by losses or otherwise, to distribute to our Shareholders no less than 40% of our profits available for distribution in respect of the year ended 31 December 2017. For subsequent years, we have no prescribed dividend policy and the amount of any dividend to be declared and paid in the future will depend on, among other things, our results of operations, cash flows and financial conditions, operating and capital requirements, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that our Directors may consider relevant.

Our Directors would like to emphasise that our historical dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid in the future. We also cannot assure that dividends will be paid in the future or as to the timing of any dividends that may be paid in the future. Our Shareholders will be entitled to receive such dividends pro rata according to the amount paid up or credited as paid up on the Shares. The declaration, payment and amount of dividends will be subject to our Directors' discretion. Dividends may be paid only out of our distributable profits as permitted under the relevant laws.

Our Directors confirm that, as at 31 August 2017, our Company had no distributable reserve.

### **PROPERTY INTERESTS**

Please refer to “Business – Properties” of this prospectus for the further details of our property interests.

---

## FINANCIAL INFORMATION

---

### RELATED PARTY TRANSACTIONS

Please refer to the note 25 in the Accountants' Report in Appendix I to this prospectus for further details of our related party transactions. Our Directors are of the opinion that these related party transactions were conducted on normal commercial terms. Save for the continuing connected transactions disclosed in "Connected transactions" of this prospectus, these related party transactions were discontinued or ceased to constitute related party transactions or connected transactions of our Group.

### UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please refer to the unaudited pro forma financial information in Appendix II to this prospectus for the details of our unaudited pro forma adjusted consolidated net tangible assets.

### PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2017

Our Directors estimate, on the bases set out in Appendix III to this prospectus, that our estimated consolidated profit attributable to owners of our Company and unaudited pro forma estimated earnings per Share for the year ended 31 December 2017 as follows:

Estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2017 . . . . .	not less than MOP55.0 million
Unaudited pro forma estimated earnings per Share for the year ended 31 December 2017 . . . . .	not less than MOP0.04

The profit estimate, for which our Directors are solely responsible, has been prepared by them based on (i) the audited consolidated results of our Group for the eight months ended 31 August 2017 set out in the Accountants' Report in Appendix I to this prospectus; and (ii) the unaudited consolidated results based on the management accounts of our Group for the four months ended 31 December 2017.

The calculation of the unaudited pro forma estimated earnings per Share for the year ended 31 December 2017 is based on the estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2017 and on the assumptions that a total number of 1,200,000,000 Shares had been in issue throughout the year ended 31 December 2017, without taking into account of any Shares which (i) may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued upon exercise of the Over-allotment Option; or (ii) any Shares may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus.

---

## **FINANCIAL INFORMATION**

---

### **FINANCIAL RISK MANAGEMENT**

During the Track Record Period, we were principally subject to the interest rate risk, credit risk and liquidity risk in the normal course of business. Please refer to note 28b in the Accountants' Report in Appendix I to this prospectus for further details of our financial risk management.

### **DISCLOSURE REQUIRED UNDER THE LISTING RULES**

Save as disclosed otherwise in this prospectus, our Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

### **NO MATERIAL ADVERSE CHANGE**

Our Directors confirm that since 31 August 2017, including the four months ended 31 December 2017, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects. Our Directors also confirm that there have been no events since 31 August 2017 which would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### BUSINESS OBJECTIVES AND BUSINESS STRATEGIES

Please refer to “Business – Our business strategies” of this prospectus for further details of our business objectives and strategies.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$1.125 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, we estimate that the net proceeds receivable by us from the Global Offering (after deducting underwriting fees and commission and estimated expenses in connection with the Global Offering) will be approximately HK\$232.7 million. We intend to apply such net proceeds in the following manner:

- (i) approximately HK\$100.0 million, representing approximately 43.0% of our net proceeds from the Global Offering, will be used for financing the issuance of performance bonds when undertaking new projects as (a) we, as a contractor, are generally required under the tender document or construction contract to take out performance bonds of 10% of the contract value in favour of the customers before the commencement of the project; and (b) deposits with the bank are generally required for the issuance of performance bonds;
- (ii) approximately HK\$54.3 million, representing approximately 23.3% of our net proceeds from the Global Offering, will be used for strengthening our storage facilities for equipment and materials by acquiring a warehouse, which will replace Warehouse A and Property B;
- (iii) approximately HK\$40.2 million, representing approximately 17.3% of our net proceeds from the Global Offering, will be used for improving and expanding our (a) facilities management, alteration and maintenance works and services and (b) structural steelworks, civil engineering construction, and fitting out and renovation works by recruiting additional staff such as project managers, supervisors, engineers and technicians;
- (iv) approximately HK\$14.9 million, representing approximately 6.4% of our net proceeds from the Global Offering, will be used for acquiring additional machineries for (a) structural steelworks, civil engineering construction, and fitting out and renovation works; (b) high voltage power substation construction and its system installation works; and (c) facilities management, alteration and maintenance works and services; and
- (v) approximately HK\$23.3 million, representing approximately 10.0% of our net proceeds from the Global Offering, will be used for our general corporate purposes and working capital.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

Assuming that the Over-allotment Option is not exercised at all, if the final Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds from the Global Offering will increase or decrease by approximately HK\$29.0 million, respectively.

Assuming that the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by us, will be approximately (i) HK\$54.3 million, assuming the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$1.25 per Offer Share; (ii) HK\$48.9 million, assuming the Offer Price is fixed at the mid-point of the indicative Offer Price range, being HK\$1.125 per Offer Share; and (iii) HK\$43.4 million, assuming the Offer Price is fixed at the low-end of the indicative Offer Price range, being HK\$1.00 per Offer Share.

The net proceeds will be used in the same proportions as disclosed above irrespective of: (i) whether the Offer Price is determined at the highest or lowest point of the indicative Offer Price range; and (ii) whether the Over-allotment Option is exercised.

If there is any material change to the use of proceeds as disclosed above after the Listing, we will make the appropriate announcement(s) in due course.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to implement any part of our future plans as intended, our Directors intend to place such net proceeds as short-term interest-bearing deposits with authorised financial institutions in Hong Kong or Macau.

We will not receive any of the proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering. The Selling Shareholders estimate that they will receive a total of net proceeds from the Global Offering of approximately HK\$65.1 million after deducting the estimated underwriting commissions payable by them in the Global Offering and assuming an Offer Price of HK\$1.125 (being the mid-point of the indicative Offer Price range).

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### FUNDS TO BE LOCKED UP FOR ISSUANCE OF PERFORMANCE BONDS FOR NEW PROJECTS

#### (i) Awarded Projects

As at the Latest Practicable Date, our Group had secured four new major contracts involving the issuance of performance bonds (i.e. projects awarded to us but for which construction works have not yet commenced), namely three high voltage power substation construction and its system installation works projects (namely the Awarded Projects 1, 2 and 4 for the identification purpose) and one structural steelworks, civil engineering construction, and fitting out and renovation works project (namely the Awarded Project 3 for the identification purpose) with a total awarded contract value of approximately MOP284.3 million. An aggregate sum of approximately MOP28.4 million is expected to be required for the issuance of performance bonds prior to the commencement of the Awarded Projects.

Among these Awarded Projects, our Group collaborated with a partner (which is the Macau branch of a PRC state-owned enterprise headquartered in Beijing engaging in, among others, engineering and construction, natural resources exploitation, papermaking, equipment fabrication and real estate development) (“**Partner**”) in a structural steelworks, civil engineering construction, and fitting out and renovation works project (i.e. the Awarded Project 3). The project owner of Awarded Project 3 (which is one of the six companies authorised to operate casinos in Macau) is the same as that of Project 5 and our works are up to the required standard and satisfaction of the said project owner, ultimately leading to an amicable co-operation relationship between the said project owner and us from 2016. In addition, our Directors confirm that there have been no complaints or disputes between our Group and the project owner.

The material terms of our arrangement as a subcontractor of the Partner (who acts as the main contractor and is responsible for the overall site management of the Awarded Project 3) are summarised as follows:

Major scope of work	:	Our Group is responsible for site formation, structural steelwork and civil engineering construction services.
Location	:	A historical hotel located at Avenida da Republica, Macau
Contract sum	:	The contract specifies a lump sum fixed contract sum of MOP75.8 million for carrying out the whole of the works as specified.
Performance bond	:	The Partner requires us to arrange with bank(s) to provide them with performance bond in the amount of approximately MOP7.6 million, being 10% of the awarded contract sum to ensure our due performance and observance of the terms of the contract.



---

## FUTURE PLANS AND USE OF PROCEEDS

---

### **(ii) Tender-submitted Projects**

As at the Latest Practicable Date, we had submitted the tender proposals and were in the process of tendering for four new major projects involving the issuance of performance bonds, namely four structural steelworks, civil engineering construction, and fitting out and renovation works projects (namely the Tender-submitted Projects 1, 2, 3 and 4 for the identification purpose), with a total tendered amount of approximately MOP1,439.6 million. If all of the Tender-submitted Projects are awarded to us, an aggregate sum of approximately MOP139.1 million is expected to be required for the issuance of performance bonds prior to the commencement of the Tender-submitted Projects.

Based on our Group's past track record and experience and in the absence of unforeseen circumstances, our Directors consider that we have fairly good chance at securing the Tender-submitted Project 1 of an estimated contractual sum of approximately MOP1,204.9 million (requiring performance bond of approximately MOP120.5 million), as (i) we have an amicable co-operation relationship with the project owner from 2016 as described above in "Funds to be locked up for issuance of performance bonds for new projects – (i) Awarded Projects" in this section where we have proven our capabilities in a previous project; (ii) we are tendering for the project in cooperation with the Partner, who invited us to tender for the project mainly due to the project owner's satisfaction of our works in Project 5; and (iii) to the best of our Directors' knowledge, information and belief, our Group has been in the late stage of the tendering process and the tender result is expected to be released in March 2018. Our Directors also consider that our Group have fairly good chance to secure the remaining Tender-submitted Projects of an estimated contractual sum of approximately MOP234.7 million (requiring performance bond of approximately MOP18.6 million), given that (i) we have substantial experience in undertaking and completing similar structural steelworks projects; and (ii) we have a capable team of management and project implementation staff with extensive experience in similar projects, which is highly recognised amongst our customers.

### **(iii) Potential Projects**

As at the Latest Practicable Date, based on information available in the public domain and invitations to tender, our Directors have identified three potential major projects (i.e. projects which our Group had not submitted tender proposals for), namely two structural steelworks, civil engineering construction, and fitting out and renovation works projects (namely the Potential Projects 1 and 2 for the identification purpose) and one high voltage power substation construction and its system installation works projects (namely the Potential Project 3 for the identification purpose).

---

## FUTURE PLANS AND USE OF PROCEEDS

---

Among these Potential Projects, in late December 2017, our Group was invited by the Power Projects Partner to form a consortium for the purpose of bidding for a tender from the sole concession public utility company which provides electricity in Macau as project owner in relation to a new power generator system and ancillary facilities construction and installation works project in Coloane, Macau (i.e. the Potential Project 3). A consortium arrangement is proposed and expected to be formed by the Power Projects Partner, a PRC-based power engineering and project contracting company and our Group (“**HV Consortium**”) in tendering for and undertaking the Potential Project 3. To the best of our Directors’ knowledge, information and belief, the total contract sum of the Potential Project 3 is expected to be approximately MOP3,000 million, of which approximately MOP1,000 million is for the civil engineering construction works which our Group is expected to undertake if the contract is awarded. Our Directors believe that the HV Consortium has fairly good chance to secure the Potential Project 3 because (i) there is a very limited number of market participants that possess the technical capability for the Potential Project 3 and therefore meet the tender requirements; and (ii) the HV Consortium is expected to meet the requirements of the Potential Project 3 and the parties have substantial experience in undertaking and completing similar high voltage power substation construction and its system installation works projects in Macau. The tender proposal for the Potential Project 3 is expected to be submitted by the Power Projects Partner on behalf of the HV Consortium in April 2018. The tender result is expected to be released in September 2018.

Based on the above information in relation to the Awarded Projects and the Tender-submitted Projects (which our Group considers having fairly good chance of being awarded as mentioned above), without taking into account any new projects that may be awarded to us from our existing or new customers from time to time (including the Potential Projects) or any unforeseen circumstances, our Directors expect that an aggregate sum of approximately MOP167.5 million will be required for the issuance of the performance bonds prior to the commencement of the above projects. If, for any reason, any of the Tender-submitted Projects cannot be secured by us, we will commit our best endeavours to identify and secure suitable projects of comparable size and duration (as the case may be).

The HK\$100.0 million of the net proceeds from the Global Offering for financing the issuance of performance bonds is intended to be deployed in the following manners: (i) approximately HK\$5.5 million as a fixed deposit equivalent to 20% of the drawdown amount as security under the Bank B Facility for financing the issuance of performance bonds of the Awarded Projects; (ii) approximately HK\$24.4 million as a fixed deposit equivalent to 20% of the drawdown amount as security under the Bank B Facility for financing the issuance of performance bonds of the Tender-submitted Projects 1 and 3; (iii) approximately HK\$13.6 million for the direct issuance of performance bonds of the Tender-submitted Projects 2 and 4; and (iv) the remaining amount of approximately HK\$56.5 million for the direct issuance of performance bonds of other future projects to be awarded.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### OUR GROUP'S CAPABILITY AND CAPACITY TO UNDERTAKE SIZABLE PROJECTS

Our Directors consider that our Group has the capability and capacity to undertake the sizable projects in the future based on the following factors:

**(i) Participation in more large scale projects with main contractor role**

Our Group may act as a main contractor or subcontractor depending on the nature, scale, complexity and requirements of the project awarded. As a main contractor, we are responsible for the overall management of the project which involves coordinating client representatives, architects, engineers, consultants and government authorities, handling all aspects of the construction project, from planning, management, coordination and implementation, to providing or procuring the necessary materials, machineries and equipment, labour and expertise required for and controlling the quality and safety aspects of the projects. As a subcontractor, we are responsible for carrying out works delegated and arranged by the main contractors in accordance with the relevant subcontracting contracts, and the awarded contract sum usually represents only a portion of the total contract sum of the overall development project.

In recent years, our Group has participated in more large scale construction projects and assumed more substantively the role of main contractor. For example, in the project relating to the world's first free-form exoskeleton skyscraper luxury hotel with a total awarded contract value of more than MOP600 million, our Group acted as main contractor and assumed the overall management role of the project by supervising and monitoring the execution of works of other fellow contractors of different specialities that deal directly with the project owner of an aggregate contract sum of not less than MOP3,000 million. This demonstrates that our Group has the capability and capacity in undertaking and even managing sizable projects.

As part of our business development plan, we are expected to assume more substantively the role as a main contractor and participate in and/or manage larger scale or complex construction development projects going forward, which usually correlates with higher awarded contract values.

Our Group has experienced a gradual development stage, from acting as subcontractor in the construction projects to assuming more substantively the role as main contractor in large scale and/or complex projects during the Track Record Period. Leveraging on our established reputation and proven track record, we are in a position to bid and undertake larger scale and complex construction projects, including the Tender-submitted Projects and Potential Projects as elaborated in "Funds to be locked up for issuance of performance bonds for new projects" in this section.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

**(ii) Recognition by property owners and/or business partners and being invited to tender**

Our Group's track record experience and job reference, in particular our participation in a wide range of large-scale and high profile technically challenging structural steelworks and civil engineering construction projects as well as high voltage power substation construction projects in Macau, demonstrate our diversified experience, capabilities and expertise to bid and undertake larger scale and complex construction projects in the future.

Our Group's experience, capabilities and expertise in undertaking such large-scale and/or complex projects are highly valued and recognised by our project owners and/or business partners. Our Directors believe that such recognition consequent to our Group having been invited to tender or cooperate to bid and undertake the projects, respectively. For examples, for the Tender-submitted Project 1, our Group collaborated with the Partner in submitting the tender and the parties have been informed that they have been shortlisted for the late stage of the tendering process. For the Potential Project 3, our Group has been invited by the Power Projects Partner to form a consortium for the purpose of bidding for a tender in relation to a new power generator system and ancillary facilities construction and installation works project in Coloane, Macau.

**(iii) Similar expertise and technical know-how required in undertaking same type of projects within the same range of operation scale (MOP500 million – MOP1,500 million)**

According to F&S and to the best of knowledge, information and belief of our Directors, for projects of the same type (i.e. structural steelworks, civil engineering construction, and fitting out and renovation works or high voltage power substation construction and its system installation works) with operation scale in a range from MOP500 million to MOP1,500 million, the management philosophy to be applied and the workflow management skills and expertise and management programme required should be substantially the same. Only the amount of resources to be deployed and the amount of funding required (for the issuance of performance bonds and the upfront expenditures) may vary depending on the size of the project.

Our Group has already built up a sound track record in undertaking and completing sizable projects, such as the project in relation to the world's first free-form exoskeleton skyscraper luxury hotel which is well recognised as a technically challenging world class hotel project in the Macau construction market. In recognition of our Group's leading technical capabilities and quality standards, we were subsequently awarded the gold award (Hong Kong – Macau Region) by CCMSA for our structural steelworks for this project in May 2017, which further reinforces our customers' confidence in us as a trustworthy and capable contractor in undertaking large-scale and/or complex technically challenging projects and enhances our Group's reputation in the construction market in Macau.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

**(iv) Capability in undertaking and completing construction projects with experienced management team and highly skilled workforce**

Our Group has accumulated experience in planning, managing and undertaking its construction projects of increasing scale. We have also built a team of experienced and dedicated senior management team and highly skilled personnel with extensive industry knowledge. All these enable us to meet the tendering requirements and bid and secure projects with larger size and scale and/or with higher level of complexity in the recent years.

**(v) Continuous progress in securing and tendering projects**

Our Group has been using our best endeavours to tender for new projects and secure new contracts. Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group has secured the Awarded Projects with a total awarded contract value of MOP284.3 million, and has submitted the tender proposals for the Tender-submitted Projects. Our Directors consider our Group is making continuous progress in securing and tendering projects. Our Group will continue to carefully consider and assess the requirements of each potential project (including the technical and financial capabilities, experience and expertise required) and conduct detailed analysis on the manpower and resources to be deployed before submitting the tender, and will endeavour to tender for more contracts and to capture the business opportunities from time to time as our Directors consider appropriate.

In light of the above, our Directors are confident that our Group possesses the relevant experience and expertise, resource plan, capability and capacity to undertake the sizable projects in the future.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### IMPLEMENTATION PLAN

In relation to the intended application of the net proceeds described in (i), (ii), (iii) and (iv) in “Use of proceeds” in this section, the following table sets out the intended amount, nature and timing of our implementation plan:

#### From the Listing Date to 31 December 2018

Business strategy	Implementation plan	Use of proceeds
Strengthen our storage facilities for equipment and materials by acquiring a warehouse	<ul style="list-style-type: none"> <li>Purchase a warehouse in the northern region of Macau with a total site area of not more than 15,000 sq.ft.</li> </ul>	Approximately HK\$54.3 million
Enhance our financial capabilities and to capture business opportunities	<ul style="list-style-type: none"> <li>Finance the issuance of performance bonds as required by potential customers on newly awarded projects</li> </ul>	Approximately HK\$60.0 million
Improve and expand our (i) facilities management, alteration and maintenance works and services and (ii) structural steelworks, civil engineering construction, and fitting out and renovation works by recruiting additional staff	<ul style="list-style-type: none"> <li>Recruit and pay the staff costs of additional staff as set out in our recruitment plan in “Business – Our business strategies” of this prospectus</li> </ul>	Approximately HK\$12.8 million
Enhance our machineries and equipment to expand our construction capacities	<ul style="list-style-type: none"> <li>Acquire mobile cranes for deployment in structural steelworks, civil engineering construction, and fitting out and renovation works</li> </ul>	Approximately HK\$6.2 million
	<ul style="list-style-type: none"> <li>Acquire testers and analysers for deployment in high voltage power substation construction and its system installation works and facilities management, alteration and maintenance works and services projects</li> </ul>	Approximately HK\$1.0 million
<b>Total:</b>		<b>Approximately HK\$134.3 million</b>

---

## FUTURE PLANS AND USE OF PROCEEDS

---

**From 1 January 2019 to 31 December 2019**

<u>Business strategy</u>	<u>Implementation plan</u>	<u>Use of proceeds</u>
Enhance our financial capabilities and to capture business opportunities	<ul style="list-style-type: none"> <li>Finance the issuance of performance bonds as required by potential customers on newly awarded projects</li> </ul>	Approximately HK\$40.0 million
Improve and expand our (i) facilities management, alteration and maintenance works and services and (ii) structural steelworks, civil engineering construction, and fitting out and renovation works by recruiting additional staff	<ul style="list-style-type: none"> <li>Recruit and pay the staff costs of additional staff as set out in our recruitment plan in “Business – Our business strategies” of this prospectus</li> </ul>	Approximately HK\$27.4 million
Enhance our machineries and equipment to expand our construction capacities	<ul style="list-style-type: none"> <li>Acquire mobile cranes and material hoists for deployment in structural steelworks, civil engineering construction, and fitting out and renovation works</li> </ul>	Approximately HK\$6.7 million
	<ul style="list-style-type: none"> <li>Acquire testers and analysers for deployment in high voltage power substation construction and its system installation works and facilities management, alteration and maintenance works and services projects</li> </ul>	Approximately HK\$1.0 million
<b>Total:</b>		<b>Approximately HK\$75.1 million</b>

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### REASONS AND BENEFITS FOR THE LISTING

Our Directors consider that the Listing will provide the following benefits to our Group:

**(i) Accommodate our Group's capital needs for business operations and expansions**

- In light of its five-year development plan (2016-2020), the Macau government will strive to build Macau as a world-class tourism centre and more large-scale infrastructure, hotels and resorts are expected to be constructed. In addition, the Macau government announced the future urban development strategy involving the reclamation of land in the south of Hac Sa Beach, the demand for electricity and power in these new developments is anticipated to rise.
  
- Being a renowned integrated construction engineering contractor and power substations constructor in Macau with diversified and high level technical expertise and technological proficiency and capabilities and leveraging on our past track record, we are confident of our ability in securing new and/or more large scale projects on a continuous basis going forward. As such, we expect that further capital needs are required as and when we secure and undertake new or more projects as further described in “Use of proceeds” in this section:
  - As at the Latest Practicable Date, we had secured four Awarded Projects with an awarded contract value of approximately MOP284.3 million; and
  - As at the Latest Practicable Date, we had submitted the tender proposals and were in the process of tendering for four Tender-submitted Projects with a total contract value of approximately MOP1,439.6 million.

These projects or potential projects would entail larger amounts of capital for start-up costs, performance bond or retention monies, which may result in a lock-up of a portion of our capital during the term of the contract and thereby affecting our liquidity if we are awarded such projects.

- We currently maintain a strong level of cash balance for paying the upfront expenditures and have the Bank A Facility (which is expected to be terminated in March 2018) and the Bank B Facility for financing the issue of performance bond. We consider that such current level of financial resources are only at self-sustained level to maintain our current scale of operations and such resources may be depleted quickly in a very short timeframe if we want to capture sizeable future opportunities, e.g. the Tender-submitted Projects referred in “Use of proceeds” in this section, with reference to the size of projects we undertook in the past.



---

## FUTURE PLANS AND USE OF PROCEEDS

---

- As stated in “Business – Our business strategies” of this prospectus, we plan to strengthen our leading market position in the construction industry in Macau, enhance our financial capabilities and to capture business opportunities, strengthen our storage facilities for equipment and materials by acquiring a warehouse, improve and expand our facilities management, alteration and maintenance works and services and structural steelworks, civil engineering construction, and fitting out and renovation works by recruiting additional staff and enhance our machineries and equipment to expand our construction capacities. To facilitate the implementation of our business strategies and expansion plan, it is necessary for us to obtain new capital to accommodate the financing of future projects and expansion plans. The net proceeds of the Global Offering will provide financial resources to our Group to achieve such business strategies which will further strengthen our market position and expand our market share.

**(ii) Provide our Group with an efficient and sustainable fund raising platform**

- Our Directors believe that the Listing will broaden our shareholder base, strengthen our capital base and provide an efficient and sustainable fund raising platform for us to raise further capital through the issue of equity and debt securities for business development in the future.
- The proceeds from the Global Offering can provide us with additional capital to facilitate the implementation of our business strategies as detailed in “Business – Our business strategies – We plan to enhance our financial capabilities and to capture business opportunities” of this prospectus and strengthen our cashflow position which in turn will enable us to enhance our machineries and equipment and undertake more sizeable projects in the future.
- In July 2017, with the intention to replace the Bank A Facility in case Bank A did not agree to release the personal guarantees by our Controlling Shareholders upon the Listing, we obtained the Bank B Facility of up to HK\$300 million (of which HK\$250 million revolving facility is for the purpose of, among others, financing the issuance of performance bonds, and HK\$50 million is an overdraft facility) from Bank B. In order to streamline and consolidate our credit facilities for, among other things, better administrative management and lowering our average monthly bank balance maintenance requirements pursuant to the terms of the Bank A Facility and the Bank B Facility, we will terminate the Bank A Facility subject to all formalities being complied with. As at the date of this prospectus, we are still in the process of replacing the issued performance bonds under the Bank A Facility with the Bank B Facility and notifying the relevant project owners or main contractors of the same (if necessary). To the best knowledge and belief of our Directors, the formal agreement to terminate the Bank A Facility is expected to be executed in March 2018 between Bank A and our Group.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

Upon completion of the replacement of the issued performance bonds and the termination of the Bank A Facility as mentioned above, we will only have one available credit facility, namely the Bank B Facility comprising the HK\$250 million revolving facility for the issuance of performance bonds by end of March 2018. Furthermore, we are neither negotiating with nor have the intention to obtain new/additional credit facility from Bank A, Bank B and/or other financial institutions as our Directors believe that it is impracticable and unsustainable for us to further increase the extent of our debt financing at our current operation scale unless we can replenish our equity capital via the Global Offering.

Our Directors consider that the Bank B Facility comprising the HK\$250 million revolving facility allows our Group a flexibility to drawdown, repay and redraw loans advanced to us as and when required for the purpose of the issuing of guarantee(s), including but not limited to performance bonds during the term of the Bank B Facility, and therefore we intend to continue with and renew the Bank B Facility upon its expiry after Listing. However, under the terms of the Bank B Facility, Bank B is entitled to terminate the Bank B Facility upon notice to us. In such event, we will be required to replace the performance bonds issued under the Bank B Facility with cash or other financial resources, which may in turn have an adverse impact on our liquidity and financial conditions. As such, our Directors consider that it would be necessary and in the interest of our Group to deploy the proceeds from the Global Offering for financing the issuance of performance bonds when undertaking new projects so as to reduce our reliance on the Bank B Facility. In addition, we neither need to deplete our financial resources (i.e. to fulfill the upfront expenditure of undertaking new projects by using our available cash that might affect our strong liquidity position) nor unnecessarily increase our gearing and finance costs (i.e. to incur interest expense from the drawdown from the Bank B Facility).

### **(iii) Enhance our corporate profile and recognition in the market**

- The Listing can enhance our Group's profile, recognition and visibility in the market which should generate reassurance among our customers, subcontractors and suppliers given that a listed company is subject to ongoing regulatory compliance for announcements, financial disclosure and corporate governance.
- The Listing will allow our Group to strengthen our market position in the construction industry in Macau and maintain our competitiveness against other competitors in Macau. To the best information, knowledge and belief of our Directors, most of our competitors are either listed or in the process of applying for listing. Our Directors believe that some of our customers may prefer to engage construction contractor which is a listed company with higher corporate profile, creditability, sound internal and corporate governance practice, regulatory supervision and financial transparency and in particular, property developers are inclined to engage listed construction company as main contractor for sizeable construction projects. Our Directors further believe that a listing status may gradually become a pre-requisite for us to become or remain as an eligible contractor to tender and undertake sizeable projects if we are required to be on the list of approved contractors of such property developers.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

- Our Directors further consider that the Listing will enhance the market reputation and brand awareness of our Group. We believe that a listing status could enhance credibility with our customers, suppliers and subcontractors, and attract potential customers, suppliers and subcontractors who are more willing to establish business relationship with listed companies. Our Directors believe that the listing status will assist us in bidding and securing for new projects.

**(iv) Motivate our staff with equity-based incentives**

- We value human capital as one of the most valuable assets for our continuous development of our business. Our Directors believe that the listing status will help raise staff confidence and will improve our ability to attract, recruit, retain and motivate experienced and qualified staff (in particular, key management and technical personnel).
- With a listing status, our Group will be able to offer an equity-based incentive programme involving publicly tradable shares (such as a share option scheme) to our staff that more directly correlates to their performance with our business. We would therefore be in a better position to motivate our staff with such incentive programmes that increase the intrinsic value of our Shares which are closely aligned with the objective of creating value for our Shareholders.

**(v) Gain more readily access to debt financing at more favourable terms than being a private company**

- Currently, we had no debt financing other than the Bank A Facility (which is expected to be terminated in March 2018) and the Bank B Facility for financing the issue of performance bonds. In order to meet the upfront expenditures for undertaking new projects (such as payment for rental deposits of machineries and equipment, subcontracting fees, material costs and labour costs other than the issue of performance bonds), we would need to have access to debt financing for other purposes, such as invoice financing, project financing and standby credit facility.
- Our Directors believe that being a listed company, we can have more readily access to credit and/or negotiate for more favourable terms than being a private company.
- The Listing can increase the corporate transparency of our Group which should lead to the grant of credit lines on more favourable terms from our bankers. In general, the ability to obtain bank financing is easier with a listed entity as compared to a private entity.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

**(vi) Provide reliable financial reporting and internal control system**

- Following the Listing, our Group has adopted, or expects to adopt a series of policies, procedures and plans that are designed to reasonably assure effective and efficient operations, reliable financial reporting and internal control system.

In summary, the Listing will help strengthen our competitiveness and improve our financial standing, allowing us to respond to business opportunities expediently and levelling the playing field with our listed competitors while differentiating us from our private competitors, and enabling us to be in a better position to negotiate, bid and secure for more and larger scale projects and consolidating our market position in the construction industry in Macau. Through the Listing, we will be able to raise net proceeds to implement our business strategies to capture more business opportunities when they arise and to benefit from the favourable macro-economic environment and growing industry trend in Macau which will in turn benefit the long term expansion and growth of our Group. Our decision to pursue the Listing is not merely dependent on the state of the economy but our determination to strengthen our competitiveness and financial standing, so as to maintain our market position in construction industry in Macau and be sustainable in the long run. In light of the above, our Directors consider that it is strategically and commercially justifiable and in the interests of our Company and our Shareholders as a whole to pursue the Listing.

---

## UNDERWRITING

---

### HONG KONG UNDERWRITERS

**Innovax Securities Limited**

**Sinolink Securities (Hong Kong) Company Limited**

**Sinomax Securities Limited**

**ZMF Asset Management Limited**

**Yuanta Securities (Hong Kong) Company Limited**

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### **Hong Kong Public Offering**

#### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Public Offering, our Company is offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, our Shares to be offered as mentioned herein (including the additional Shares to be issued pursuant to the exercise of the Over-allotment Option) and to certain other conditions set out in the Hong Kong Underwriting Agreement having been duly executed and delivered and having become unconditional in accordance with its terms, the Hong Kong Underwriters have agreed, severally, to subscribe or procure subscribers for, their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its own terms or otherwise, prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

---

## UNDERWRITING

---

### *Grounds for termination*

The obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) with immediate effect by notice, if at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
  - (i) any new law, rule, statute, ordinance, regulation, guideline, opinion, notice, circular, order, judgement, decree or ruling of any governmental authority (“**Laws**”) or any change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority of or affecting the Cayman Islands, the BVI, Hong Kong, Macau or any other jurisdiction in which any member of our Group operates (collectively, the “**Relevant Jurisdictions**” and individually, a “**Relevant Jurisdiction**”);
  - (ii) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in any or representing any change or development involving a prospective change in, local, national or international financial, political, military, industrial, legal, economic, exchange control, currency market, fiscal or regulatory or market matters or conditions or any monetary or trading settlement system (including but not limited to conditions in stock and bond markets, money and foreign exchange markets) in or affecting any Relevant Jurisdiction;
  - (iii) the imposition or declaration of any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the New York Stock Exchange, the Nasdaq National Market, the Stock Exchange, Tokyo Stock Exchange, the London Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange, or any minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority, or a disruption of one day or more in securities settlement, payment or clearance services or procedures in or affecting any Relevant Jurisdiction;
  - (iv) any change or development or event occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in any Relevant Jurisdiction;

---

## UNDERWRITING

---

- (v) any change or development or event occurs involving a prospective change in the financial or operational condition or in the earnings, business affairs, business prospects or trading position of any member of our Group;
- (vi) a materialisation of any of the risks set out in “Risk factors” of this prospectus;
- (vii) any moratorium on or disruption of one day or more in banking activities or foreign exchange trading or settlement or clearance services in or affecting any Relevant Jurisdiction;
- (viii) any outbreak or escalation of hostilities (whether or not war is or has been declared) or act of terrorism or other state of emergency or calamity or wide-spread epidemic or political or social crisis directly involving any Relevant Jurisdiction, or the declaration by any Relevant Jurisdiction of a national emergency or war;
- (ix) any event of force majeure or beyond the control of the Hong Kong Underwriters, including without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, earthquake, tsunami, volcanic eruption, explosion, outbreak of disease or epidemic, acts of government, labour dispute, strike or lock-out involving directly or indirectly any Relevant Jurisdiction;
- (x) any imposition of any economic sanctions, in whatever form, directly or indirectly, on any Relevant Jurisdiction, or against any member of our Group;
- (xi) an executive Director being charged or indicted or prohibited by operation of law or otherwise disqualified from directorship or taking part in the management of a company in circumstances where the operations of the Group will be materially and adversely affected;
- (xii) the chairman or chief executive officer of our Company vacating his office in circumstances where the operations of our Group will be materially and adversely affected;
- (xiii) any non-compliance of this prospectus (or any other documents in connection with the Global Offering) with the Listing Rules, the Articles of Association, the Companies (WUMP) Ordinance, SFO or any other Laws applicable to the Global Offering, except in relation to such matters of which waivers and exemptions are sought and disclosed in this prospectus;
- (xiv) the commencement by any government authority of any investigation, claim, litigation or proceeding against any member of our Group in circumstances where the operations of the Group will be materially and adversely affected;
- (xv) any litigation, or claim, or investigation, or proceeding, being instigated against any member of our Group, any Controlling Shareholder or any executive Director in circumstances where the operations of the Group will be materially and adversely affected;

---

## UNDERWRITING

---

- (xvi) any contravention by any member of our Group of the Companies Ordinance, the Companies (WUMP) Ordinance, the Listing Rules or Laws applicable to the Global Offering;
  
- (xvii) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of a material nature of any member of our Group or any of our Controlling Shareholders or any of the executive Directors pursuant to the indemnities referred to in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
  
- (xviii) any valid demand by any creditor for repayment or payment of any indebtedness of the Company or any member of our Group or in respect of which the Company or any member of our Group is liable prior to its stated maturity which demand has or could reasonably be expected to have a material adverse effect on our Group taken as a whole;

which, in each case, in the absolute opinion (acting in good faith) of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (A) is or will or is likely to be materially adverse effect on the business or financial or operational condition or prospects of our Company or our Group, or to any present shareholder of our Company in his/its capacity as such;
  
  - (B) has or will or is likely to have a material adverse effect on the success of the Hong Kong Public Offering, the International Placing or the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
  
  - (C) makes or will or is likely to make it inadvisable, inexpedient or impracticable to proceed with or to market the Hong Kong Public Offering, the International Placing or the Global Offering; or
- (b) there has come to the notice of the Joint Global Coordinators:
- (i) any breach of any of the warranties, representations, obligations or undertakings given by or imposed upon our Company, our Controlling Shareholders or our executive Directors in the Hong Kong Underwriting Agreement or the International Underwriting Agreement which is or will be or is likely to be material in the context of the Global Offering;
  
  - (ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom in accordance with applicable Laws;



---

## UNDERWRITING

---

- (iii) that any statement contained in this prospectus, the Application Forms, the formal notice, other offering documents or any announcements (including any supplement or amendment thereto) considered by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (acting in good faith) to be material in the context of the Global Offering was, when it was issued, or has become untrue or incorrect in any material respect or misleading in any respect, or that any estimates, forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms, the formal notice, or other offering documents or announcements (including any supplement or amendment thereto) considered by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (acting in good faith) to be material in the context of the Global Offering is not, in all respects, fair and honest and based on reasonable assumptions;
- (iv) that an order is made or a petition is presented for the winding-up or liquidation of our Company or any member of our Group or our Company or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any member of our Group or anything analogous thereto occurs in respect of our Company or any member of our Group; and for the purpose of this paragraph (iv) only, “any member of our Group” shall mean any member of our Group where the value of its total assets, profits or revenue represents 5% or more under any of the percentage ratios defined under Rule 14.09 of the Listing Rules;
- (v) that approval by the Listing Committee of the listing of, and permission to deal in, our Shares (including any additional Shares that may be issued pursuant to the exercise of Over-allotment Option) to be issued or sold under the Global Offering is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions), revoked or withheld;
- (vi) that our Company withdraws any of the offering documents issued for the purposes of or in connection with the Global Offering (and/or any other documents used in connection with the contemplated subscription of the Offer Shares), collectively, the (“**Offer Documents**”) or the Global Offering;
- (vii) that any person (other than the Sole Sponsor and the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents;

---

## UNDERWRITING

---

- (viii) other than with the approval of the Sole Sponsor and the Joint Global Coordinators (such approval shall not be unreasonably withheld), the issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated subscription of our Shares) pursuant to the Companies (WUMP) Ordinance, the Listing Rules, the SFO, or any other applicable Laws, or any requirement or request of the Stock Exchange and/or the SFC; or
- (ix) any prohibition on our Company by any applicable governmental authority for whatever reasons from offering, allotting, issuing or selling our Shares (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering,

then the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may at its absolute discretion (acting in good faith), upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

### **Undertakings to the Stock Exchange pursuant to the Listing Rules**

#### *Undertakings by our Company*

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that (except pursuant to the Capitalisation Issue, the Global Offering, the Over-allotment Option and options to be granted under the Share Option Scheme) at any time during the period commencing on the date of this prospectus and ending on the expiry of the six-month period after the Listing Date, we will not, without the prior consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, allot or issue or agree to allot or issue any Shares or other securities convertible into equity securities of our Company (including warrants or other convertible securities) whether or not of a class already listed, except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

#### *Undertakings by our Controlling Shareholders*

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, except pursuant to the Capitalisation Issue, the Global Offering, the Stock Borrowing Agreement, the Over-allotment Option and the grant of options or exercise of options to be granted under the Share Option Scheme, he/it will not and will procure that the registered holder(s) of the Shares controlled by him/it will not:

- (a) in the period commencing on the date by reference (the “**Reference Date**”) to which disclosure of our shareholding is made in this prospectus and ending on the date (the “**End Date**”) which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or a charge as security in favour of an

---

## UNDERWRITING

---

authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan) in respect of, any of the securities of our Company in respect of which he/it is shown by this prospectus to be the beneficial owner (“**Relevant Securities**”); or

- (b) in the period of a further six months commencing on the End Date, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a *bona fide* commercial loan) in respect of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that he/it would cease to be a Controlling Shareholder.

In addition, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that within the period commencing on the Reference Date and ending on the date which is 12 months from the Listing Date, he/it shall:

- (a) when he/it pledges or charges any Shares or securities of our Company beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong), pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of securities so pledged or charged; and
- (b) when he/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (a) and (b) above by any of our Controlling Shareholders and make a public disclosure in relation to such information by way of an announcement in accordance with the Listing Rules.

### **Undertakings pursuant to the Hong Kong Underwriting Agreement**

#### ***Undertakings by our Company***

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Capitalisation Issue, the Global Offering (including the Over-allotment Option), the grant of options or issue of our Shares upon exercise of such options pursuant to the Share Option Scheme, the Stock Borrowing Agreement or with the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (such consent shall not be

---

## UNDERWRITING

---

unreasonably withheld or delayed) and unless in compliance with the requirements of the Listing Rules, our Company will not, at any time within the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date (“**First Six-Month Period**”):

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of our share capital, debt capital or other securities, or any shares or other securities of such other member of our Group, or any interest therein;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of our share capital or other securities, or any of the share capital or other securities of any other member of our Group, or any interest therein, or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution;
- (c) enter into any of the transactions described in (a) or (b) above with the same economic effect; or
- (d) agree or contract to, or publicly announce any intention to enter into any of the transactions described in (a), (b) or (c) above,

in each case, whether any of the transactions described in (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise.

### *Undertakings by our Controlling Shareholders*

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, our Company and the Hong Kong Underwriters that, except pursuant to the Global Offering (including the Over-allotment Option) or grant of options or issue of our Shares upon exercise of such options pursuant to the Share Option Scheme, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (such consent shall not be unreasonably withheld or delayed) and unless in compliance with the requirements of the Listing Rules:

- (a) during the First Six-Month Period, he/it shall not, and shall procure that relevant registered holder(s) and his/its close associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not:
  - (i) offer, accept subscription for, pledge, mortgage, charge (other than any pledge, mortgage or charge of the issued share capital of our Company in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the

---

## UNDERWRITING

---

Laws of Hong Kong) for a bona fide commercial loan), sell, lend, assign, contract to sell, any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale assign or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, cause our Company to repurchase, any of our Shares, share or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any such Shares, share or debt capital or other securities or any interest therein whether now owned or hereinafter acquired, owned directly by our Controlling Shareholders (including holding as a custodian) or with respect to which our Controlling Shareholders have beneficial ownership (collectively the “**Lock-up Securities**”), or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distributions;

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any such Lock-up Securities or any interest therein, or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distributions;
- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i) or (ii) or (iii) above,

whether any such transaction described above is to be settled by delivery of the Lock-up Securities, in cash or otherwise;

- (b) at any time in the six month period commencing from the expiry of the First Six-month Period (“**Second Six-month Period**”), he/it shall not, and shall procure that the relevant registered holder(s) and his/its close associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, any Controlling Shareholder will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company;

---

## UNDERWRITING

---

- (c) until the expiry of the Second Six-Month Period, in the event that he/it or the relevant registered holder(s) or his/its close associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, he/it will take all reasonable steps to ensure that he/it or the relevant registered holder(s) or his/its close associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it will not create a disorderly or false market in the securities of our Company;
- (d) from the date of the Hong Kong Underwriting Agreement up to and including the expiry of the Second Six-month Period, he/it will:
  - (i) when he/it pledges or charges any Shares, share capital or other securities of our Company including but not limited to rights as to voting, dividend or distribution in the securities of our Company, in respect of which he/it is the beneficial owner, immediately inform the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and our Company, if required under the Listing Rules, the Stock Exchange in writing of such pledge or charge and the number of Shares or other securities of our Company, and the nature of interest, so pledged or charged; and
  - (ii) if and when he/it receives any indication, either verbal or written, from any pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company or interests in or rights attaching to the securities of our Company, will be sold, transferred or disposed of, immediately inform us, the Sole Sponsor, the Joint Global Coordinators and the Joint Bookrunners and, if required under the Listing Rules, the Stock Exchange of any such indication.

### ***Indemnity***

Our Company, our Controlling Shareholders and our executive Directors have agreed to indemnify the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters and their respective affiliates for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach of the Hong Kong Underwriting Agreement by us, our Controlling Shareholders or our executive Directors.

### **The International Placing**

In connection with the International Placing, it is expected that our Company, our executive Directors, our Controlling Shareholders and the Selling Shareholders, will enter into the International Underwriting Agreement with, among others, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the International Underwriters.

---

## UNDERWRITING

---

Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters are expected to severally agree to purchase or procure purchasers for the International Placing Shares initially being offered pursuant to the International Placing. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

We expect to grant to the International Underwriters the Over-allotment Option exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until the 30th day after the last date for lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 45,000,000 additional Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Placing to solely cover over-allocations, if any, in the International Placing.

Our Company, our Controlling Shareholders and our executive Directors will agree to indemnify the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the International Underwriters and their respective affiliates for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the International Underwriting Agreement and any breach of the International Underwriting Agreement by us, our Controlling Shareholders or our executive Directors.

### **Underwriting commission and expenses**

The Hong Kong Underwriters will receive an underwriting commission of 2.5% on the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission.

In addition, our Company may, at our sole discretion, pay an incentive fee of up to 1.0% of the aggregate Offer Price in respect of the Offer Shares under the Global Offering to certain Hong Kong Underwriters and International Underwriters in recognition of their services.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$39.7 million in total (based on the Offer Price of HK\$1.125, being the mid-point of the indicative Offer Price range between HK\$1.00 and HK\$1.25, and assuming the Over-allotment Option is not exercised) and will be payable by us, save for the commission relating to the Sale Shares sold by the Selling Shareholders pursuant to the International Placing together with the SFC transaction levy, the Stock Exchange trading fee and stamp duty attributable to or arising in connection with the sale and transfer of the Sale Shares will be borne by the Selling Shareholders.

---

## UNDERWRITING

---

### **Sole Sponsor's and Underwriters' interests in our Company**

Save for their obligations under the relevant Underwriting Agreements, none of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers or the Underwriters is legally or beneficially interested in any shares of our subsidiaries or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

### **Independence of the Sole Sponsor**

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

### **RESTRICTIONS ON THE OFFER SHARES**

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any 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.



---

## STRUCTURE OF THE GLOBAL OFFERING

---

### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. Innovax Capital is the Sole Sponsor for the listing of the Shares on the Stock Exchange. Innovax Securities and Sinolink Securities are the Joint Global Coordinators and Joint Bookrunners of the Global Offering. Innovax Securities, Sinolink Securities, Sinomax Securities, ZMF Asset Management and Yuanta Securities are the Joint Lead Managers of the Global Offering.

The Global Offering initially comprises:

- (a) the Hong Kong Public Offering of 30,000,000 Offer Shares (subject to reallocation on the bases set out in “Hong Kong Public Offering – Reallocation” in this section below) in Hong Kong as described in “Hong Kong Public Offering” in this section below; and
- (b) the International Placing of 270,000,000 Offer Shares (comprising 210,000,000 new Shares and 60,000,000 Sale Shares) (subject to reallocation on the bases set out in “Hong Kong Public Offering – Reallocation” in this section below and the Over-allotment Option as set out in “Over-allotment Option and Stock Borrowing Agreement” in this section below) outside the United States in reliance on Regulation S.

Investors may either: (a) apply for Offer Shares under the Hong Kong Public Offering; or (b) apply for or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both.

Reasonable steps will be taken to identify and reject: (a) applications in the Hong Kong Public Offering from investors who have applied for Offer Shares under the International Placing; and (b) applications or indications of interest in the International Placing from investors who have applied for Hong Kong Offer Shares under the Hong Kong Public Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States, in reliance on Regulation S. 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.

The number of Offer Shares to be offered under the Hong Kong Public Offering and International Placing may be subject to reallocation and, in the case of the International Placing only, the Over-allotment Option as set out in “Over-allotment Option and Stock Borrowing Agreement” in this section below.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares pursuant to the Global offering will be conditional on, among other things:

- (a) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange;
- (b) the Offer Price having been fixed on or around the Price Determination Date;
- (c) the execution and delivery of the Underwriting Agreements in accordance with their respective terms; and
- (d) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators (for themselves and on behalf of the Underwriters)) and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event no later than the date which is 30 days after the date of this prospectus.

The Offer Shares are being offered at the Offer Price which is expected to be fixed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date, which is expected to be on or around Tuesday, 6 February 2018 and in any event not later than 8:00 a.m. on Saturday, 10 February 2018.

**If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders) by 8:00 a.m. on Saturday, 10 February 2018, the Global Offering will not proceed and will lapse.**

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Hong Kong Public Offering on the next business day following such lapse: (a) in the South China Morning Post (in English); (b) in the Hong Kong Economic Times (in Chinese); and (c) on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.mecommacau.com](http://www.mecommacau.com). In the event of such lapse, all application monies will be returned, without interest, on the terms set out in "How to apply for Hong Kong Offer Shares" of this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time).

Share certificates for the Offer Shares are expected to be issued on Monday, 12 February 2018 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 13 February 2018 provided that: (a) the Global Offering has become unconditional in all respects; and (b) the right of termination as described in "Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offering – Grounds for termination" of this prospectus has not been exercised. Investors who trade Shares prior to the receipt of shares certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

### **HONG KONG PUBLIC OFFERING**

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. The Hong Kong Public Offering and the International Placing are subject to the conditions set out in "Conditions of the Global Offering" in this section. The Hong Kong Underwriting Agreement and the International Underwriting Agreement shall be conditional upon each other.

#### **Number of Offer Shares initially offered**

Our Company is initially offering 30,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and assuming that the Over-allotment Option is not exercised). Subject to any reallocation of Offer Shares between the Hong Kong Public Offering and the International Placing, the number of Hong Kong Offer Shares will represent 2.5% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue. Completion of the Hong Kong Public Offering is subject to the conditions set out in "Conditions of the Global Offering" in this section above. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to professional, institutional and individual investors.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

### Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation 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 Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Assuming that the Over-allotment Option is not exercised, the total number of Shares available under the Hong Kong Public Offering will represent approximately 2.5% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, and is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B.

The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application (without regard to the Offer Price as finally determined). Applicants can only apply for Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only receive Hong Kong Offer Shares from either pool A or pool B. Multiple or suspected multiple applications within either pool or between pools and any application for more than 15,000,000 Hong Kong Offer Shares are liable to be rejected.

### Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to reallocation. Assuming that the Over-allotment Option is not exercised, if the number of Offer Shares validly applied for under the Hong Kong Public Offering is:

- (a) 15 times or more but less than 50 times;
- (b) 50 times or more but less than 100 times; and
- (c) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering,

---

## STRUCTURE OF THE GLOBAL OFFERING

---

then the Offer Shares will be reallocated from the International Placing to the Hong Kong Public Offering such that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 90,000,000 Offer Shares (in the case of (a)), 120,000,000 Offer Shares (in the case of (b)) and 150,000,000 Offer Shares (in the case of (c)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be reallocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may, at their sole and absolute discretion, reallocate International Placing Shares as it deems appropriate from the International Placing to the Hong Kong Public Offering to satisfy in whole or in part the excess valid applications in the Hong Kong Public Offering.

If the Hong Kong Offer Shares are not fully subscribed for, the Joint Global Coordinators may, at their sole and absolute discretion, reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportion as the Joint Global Coordinators deem appropriate.

### **Applications**

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) 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 International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$1.25 per Offer Share in addition to any brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Offer Share, amounting to a total of HK\$2,525.20 for one board lot of 2,000 Shares. If the Offer Price, as finally determined in the manner described in "Price determination of the Global Offering" in this section below, is less than the maximum price of HK\$1.25 per Share, appropriate refund payments (including the brokerage of 1.0%, SFC transaction levy of

---

## STRUCTURE OF THE GLOBAL OFFERING

---

0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Please refer to “How to apply for Hong Kong Offer Shares” of this prospectus for further details.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

### INTERNATIONAL PLACING

The International Placing is expected to be fully underwritten by the International Underwriters on a several basis. Our Company and the Selling Shareholders expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

#### Number of Offer Shares offered

The number of Offer Shares to be initially offered under the International Placing will be 270,000,000 Shares (comprising 210,000,000 new Shares and 60,000,000 Sale Shares), representing 90% of the total number of the Offer Shares initially available under the Global Offering (subject to reallocation and assuming that the Over-allotment Option is not exercised). Subject to any reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of International Placing Shares will represent 22.5% of our Company’s enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue.

The International Placing is subject to the same conditions set out in “Conditions of the Global Offering” in this section above.

#### Allocation

The International Placing will include selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

The International Placing Shares will be allocated in accordance with the book-building process described in “Price determination of the Global Offering” in this section below, and is based on several 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 its Offer Shares, after the Listing of the Offer Shares on the Stock Exchange. Such allocation is intended to achieve a distribution of the Shares that would allow for the establishment of a solid professional and institutional shareholder base which will be beneficial to our Company and our Shareholders as a whole.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

### OVER-ALLOTMENT OPTION AND STOCK BORROWING AGREEMENT

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the International Underwriters exercisable at the sole discretion of the Joint Global Coordinators (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) have the right, exercisable at anytime from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging application under the Hong Kong Public Offering, to require our Company to allot and issue up to 45,000,000 additional Shares, representing 15% of the number of the Offer Shares initially available under the Global Offering, at the same price per Offer Share under the International Placing to cover over-allocation in the International Placing, if any, on the same terms and conditions as the Offer Shares that are subject to the Global Offering. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our Company's enlarged issued share capital immediately following the completion of the Global Offering and the Capitalisation Issue and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the requirements of the Listing Rules.

In order to facilitate the settlement of over-allocations under the International Placing, the Stabilising Manager (or any person acting for it) may, at its option, cover such over-allocations by borrowing Shares from Shareholders of our Company under stock borrowing arrangements, or acquire Shares from other sources, including the exercise of the Over-allotment Option.

The Stabilising Manager will enter into the Stock Borrowing Agreement with MECOM Holding, our Controlling Shareholder, whereby the Stabilising Manager may borrow Shares from MECOM Holding on the following conditions:

- (a) such stock borrowing arrangement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;
- (b) the maximum number of Shares to be borrowed from MECOM Holding will be limited to 45,000,000 Shares, being the maximum number of Shares which may be allotted and issued by our Company upon full exercise of the Over-allotment Option;

---

## STRUCTURE OF THE GLOBAL OFFERING

---

- (c) the same number of Shares borrowed from MECOM Holding must be returned to it or its nominees (as the case may be) no later than the third business day following the earlier of:
  - (i) the last day on which the Over-allotment Option may be exercised;
  - (ii) the date on which the Over-allotment Option is exercised in full and the Shares to be allotted and issued upon exercise of the Over-allotment Option have been allotted and issued; or
  - (iii) such earlier time as may be agreed in writing between MECOM Holding and the Stabilising Manager;
- (d) the stock borrowing arrangement will be carried out in compliance with all applicable listing rules, laws and other regulatory requirements; and
- (e) no payments will be made to MECOM Holding by the Stabilising Manager in relation to such stock borrowing arrangement.

The stock borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that it complies with the requirements set out in Rule 10.07(3) of the Listing Rules.

### PRICE DETERMINATION OF THE GLOBAL OFFERING

The Offer Price will be fixed on the Price Determination Date, which is expected to be on or around Tuesday, 6 February 2018, and in any event not later than 8:00 a.m. on Saturday, 10 February 2018, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders).

The Offer Price will be not more than HK\$1.25 per Offer Share and is expected to be not less than HK\$1.00 per Offer Share unless otherwise announced, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators will solicit from prospective investors indications of interest in acquiring the International Placing Shares. Prospective professional, institutional and other investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

The final Offer Price, the level of indications of interest in the International Placing, the level of applications and the basis of allotment of Shares available under the Hong Kong Public Offering, are expected to be announced on Monday, 12 February 2018 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company’s website at [www.mecommacau.com](http://www.mecommacau.com).



---

## STRUCTURE OF THE GLOBAL OFFERING

---

### PRICE PAYABLE ON APPLICATION

Applicants for Hong Kong Offer Shares under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$1.25 for each Hong Kong Offer Share (plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK\$1.25, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applicants.

If, for any reason our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before 8:00 a.m. Saturday, 10 February 2018, the Global Offering will not proceed and will lapse.

### REDUCTION OF THE NUMBER OF OFFER SHARES AND/OR THE INDICATIVE OFFER PRICE RANGE

The Joint Global Coordinators (for themselves and on behalf of the Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company (for ourselves and on behalf of the Selling Shareholders), reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, we will, as soon as practicable and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering following the decision to make such reduction, publish notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range: (a) in the South China Morning Post (in English); (b) in the Hong Kong Economic Times (in Chinese); and (c) on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.mecommacau.com](http://www.mecommacau.com). Upon the issuance of such notices, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders), will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

Such notices will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notices so published, the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) with our Company (for ourselves and on behalf of the Selling Shareholders), will under no circumstances be fixed outside the Offer Price range as stated in this prospectus. Applicants under the Hong Kong Public Offering should note that applications cannot be withdrawn once they are submitted, unless the number of Offer Shares and/or the Offer Price is/are reduced.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares offered under the Hong Kong Public Offering and the International Placing, provided that the number of Offer Shares available under the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

### STABILISATION ACTION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to minimise and, if possible, prevent any decline in the market price of the securities below the Offer Price. Such transactions may be carried out in all jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws, rules and regulations, including those of Hong Kong (such as the Securities and Futures (Price Stabilizing) Rules under the SFO, as amended, supplemented or otherwise modified from time to time). In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is carried out is not permitted to exceed the Offer Price.

We have appointed Sinolink Securities as the Stabilising Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules under the SFO, as amended, supplemented or otherwise modified from time to time. In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or carry out transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing on the Listing Date and expected to end on the 30th day from the last day for lodging of applications under the Hong Kong Public Offering.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

Any market purchases of the Shares may be carried out on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilising action, which if commenced, will be conducted at the sole and absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time. Any such stabilising activity must cease on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued by our Company under the Over-allotment Option, namely 45,000,000 Shares in aggregate, which represents 15% of the Shares initially available under the Global Offering.

The types of stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules under the SFO include:

- (a) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares;
- (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares;
- (c) subscribing, or agreeing to subscribe, for the Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;
- (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares;
- (e) selling, or agreeing to sell, the Shares in order to liquidate any position established as a result of those purchases; and
- (f) offering or attempting to do anything described in (b), (c), (d) or (e) above.

The Stabilising Manager, its affiliates or any person acting for it, may take all or any of the above stabilising actions in Hong Kong during the stabilisation period. Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilising Manager, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;
- (b) there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it, will maintain such a position. Investors should be warned of the possible impact of any liquidation of such long position by the Stabilising Manager, its affiliates or any other person acting for them, may have an adverse impact on the market price of the Shares;

---

## STRUCTURE OF THE GLOBAL OFFERING

---

- (c) stabilising action cannot be used to support the price of the Shares for longer than the stabilising period, which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day from the last date for lodging applications under the Hong Kong Public Offering. After this date, no further stabilising action may be taken and therefore the demand for the Shares as well as the price of the Shares may fall;
- (d) there is no assurance that the price of the Shares will stay at or above the Offer Price either during or after the stabilising period by taking any stabilising action; and
- (e) stabilising bids may be made or transactions carried out in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions carried out at a price below the price paid by applicants or investors for the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

### OVER-ALLOCATION

In connection with the Global Offering, the Joint Global Coordinators may over-allocate up to and not more than an aggregate of 45,000,000 additional Shares and cover such over-allocations by, among other methods, exercising the Over-allotment Option, which will be exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at their sole discretion, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

### APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of and permission to deal in:

- (a) the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option); and
- (b) the Shares to be issued upon the exercise of options that may be granted under the Share Option Scheme.

No part of the share capital of our Company is listed on or dealt in any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

### ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor 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.

### DEALINGS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. (Hong Kong time) on Tuesday, 13 February 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. (Hong Kong time) on Tuesday, 13 February 2018.

The Shares will be traded in board lots of 2,000 Shares each and the stock code of the Shares will be 1183.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, 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 Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

If an application is made by a person under a power of attorney, the Joint Global Coordinators 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** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- are an associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### Which application channel to use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **HK eIPO White Form** service at **www.hkeipo.hk**.

For Hong Kong 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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 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 Thursday, 1 February 2018 until 12:00 noon Tuesday, 6 February 2018 from:

- (a) any of the following addresses of the Hong Kong Underwriters:

Innovax Securities Limited  
Unit A-C, 20/F  
Neich Tower  
128 Gloucester Road  
Wanchai  
Hong Kong

Sinolink Securities (Hong Kong) Company Limited  
Unit 2503-06, 25/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

Sinomax Securities Limited  
Room 2705-6, 27/F  
Tower One  
Lippo Centre  
89 Queensway  
Hong Kong

ZMF Asset Management Limited  
Unit 2502, 25/F  
World Wide House  
19 Des Voeux Road Central  
Central, Hong Kong

Yuanta Securities (Hong Kong) Company Limited  
23/F Tower 1 Admiralty Centre  
18 Harcourt Road  
Admiralty, Hong Kong



---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

(b) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

	<b>Branch</b>	<b>Address</b>
<b>Hong Kong Island</b>	Connaught Road Central Branch	13-14 Connaught Road Central, Hong Kong
	United Centre Branch	Shop 1021, United Centre, 95 Queensway, Hong Kong
	King's Road Branch	131-133 King's Road, North Point, Hong Kong
<b>Kowloon</b>	Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon, Hong Kong
	Telford Plaza Branch	Shop Unit, P2-P7, Telford Plaza, No. 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong
<b>New Territories</b>	Tai Po Branch	68-70 Po Heung Street, Tai Po Market, Hong Kong

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 1 February 2018 until 12:00 noon on Tuesday, 6 February 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – MECOM 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:

- Thursday, 1 February 2018 – 9:00 a.m. to 5:00 p.m.
- Friday, 2 February 2018 – 9:00 a.m. to 5:00 p.m.
- Saturday, 3 February 2018 – 9:00 a.m. to 1:00 p.m.
- Monday, 5 February 2018 – 9:00 a.m. to 5:00 p.m.
- Tuesday, 6 February 2018 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 6 February 2018, the last application day or such later time as described in "10. Effect of bad weather on the opening of the applications lists" in this section below.

### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully, otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (a) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (b) agree to comply with the Companies Ordinance, the Companies (WUMP) Ordinance and the Articles of Association;
- (c) 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;
- (d) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- (e) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (f) agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (g) 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 International Placing nor participated in the International Placing;
- (h) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisors 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;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that: (i) you understand that the Hong Kong 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 Hong Kong 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;
- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- (o) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (p) 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;
- (q) understand that our Company, the Joint Global Coordinators and the Hong Kong Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

### **Additional instructions for YELLOW Application Form**

You may refer to the **YELLOW** Application Form for details.

## **5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE**

### **General**

Individuals who meet the criteria in “2. Who can apply” in this section above, may apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

### **Time for submitting applications under the HK eIPO White Form service**

You may submit your application to the **HK eIPO White Form** Service Provider at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 1 February 2018 until 11:30 a.m. on Tuesday, 6 February 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 6 February 2018 or such later time under “10. Effect of bad weather on the opening of the applications lists” in this section below.

### **No multiple applications**

If you apply by means of the **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** more than once and obtaining payment application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

### **Section 40 of the Companies (WUMP) Ordinance**

For the avoidance of doubt, our Company, the Selling Shareholders 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 (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance).

## **6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS**

### **General**

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong 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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System at <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited  
Customer Service Centre  
1/F, One & Two Exchange Square 8 Connaught Place  
Central, Hong Kong

and complete an input request form.

You can also collect a 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 Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our Hong Kong Branch Share Registrar.

### **Giving electronic application instructions to HKSCC via CCASS**

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (a) 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;
- (b) HKSCC Nominees will do the following things on your behalf:
  - (i) agree that the Hong Kong 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;
  - (ii) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
  - (iii) 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 International Placing;

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- (iv) (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;
- (v) (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;
- (vi) confirm that you understand that our Company, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- (vii) authorise our Company to place HKSCC Nominee's name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- (viii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- (ix) 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;
- (x) agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- (xi) agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and/or their respective advisors and agents;
- (xii) 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;
- (xiii) agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

be in consideration of our Company agreeing that it will not offer any Hong Kong 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 (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- (xiv) agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- (xv) 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 giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- (xvi) agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (WUMP) Ordinance and the Articles of Association; and
- (xvii) agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

### **Effect of giving electronic application instructions to HKSCC via CCASS**

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;



---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### 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 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong 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 Hong Kong 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:

- Thursday, 1 February 2018 – 9:00 a.m. to 8:30 p.m.<sup>(Note)</sup>
- Friday, 2 February 2018 – 8:00 a.m. to 8:30 p.m.<sup>(Note)</sup>
- Saturday, 3 February 2018 – 8:00 a.m. to 1:00 p.m.<sup>(Note)</sup>
- Monday, 5 February 2018 – 8:00 a.m. to 8:30 p.m.<sup>(Note)</sup>
- Tuesday, 6 February 2018 – 8:00 a.m.<sup>(Note)</sup> to 12:00 noon

---

*Note:*

These times are subject to change as HKSCC may determine, from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 1 February 2018 until 12:00 noon on Tuesday, 6 February 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 6 February 2018, the last application day or such later time as described in “10. Effect of bad weather on the opening of the application lists” in this section below.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 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 Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Hong Kong 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 (WUMP) Ordinance

For the avoidance of doubt, our Company, the Selling Shareholders 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 (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance).

### Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and any of their respective advisors 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 Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong 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 Tuesday, 6 February 2018.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees”, you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“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 HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong 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 of the Offer Price, see “Structure of the Global Offering – Price determination of the Global Offering” of 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 Tuesday, 6 February 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 6 February 2018 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 “Expected timetable” of this prospectus, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indications of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, 12 February 2018 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Stock Exchange’s website at **www.hkexnews.hk** and our Company’s website at **www.mecommacau.com**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Stock Exchange’s website at **www.hkexnews.hk** and our Company’s website at **www.mecommacau.com** no later than 9:00 a.m. on Monday, 12 February 2018;

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- 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 Monday, 12 February 2018 to 12:00 midnight on Sunday, 18 February 2018;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 12 February to Thursday, 15 February 2018;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 12 February 2018 to Wednesday, 14 February 2018 at all the receiving bank designated branches of the receiving bank.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Please refer to “Structure of the Global Offering” of this prospectus for further details.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

#### **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** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

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.

**If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Joint Global Coordinators, 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.

**If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

**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) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- you apply for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.25 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering set out in “Structure of the Global Offering – Conditions of the Global Offering” of 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 or before Monday, 12 February 2018.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (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 Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

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 before Monday, 12 February 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 13 February 2018 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" of 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**

#### ***If you apply using a WHITE Application Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more 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 at 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 Monday, 12 February 2018, or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, 12 February 2018 by ordinary post and at your own risk.



---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collection of refund cheque. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Monday, 12 February 2018, 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 Participants stock account as stated in your Application Form on Monday, 12 February 2018, 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 Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of results" in this section above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 February 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

### *If you apply through the HK eIPO White Form service*

If you apply for 1,000,000 Hong Kong 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 Monday, 12 February 2018, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, 12 February 2018 by ordinary post at your own risk.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

### *If you apply via electronic application instructions to HKSCC*

#### *Allocation of Hong Kong Offer Shares*

For the purposes of allocating Hong Kong 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 Monday, 12 February 2018 or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of results" in this section above on Monday, 12 February 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 February 2018 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 Hong Kong 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 Hong Kong 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 Monday, 12 February 2018. Immediately following the credit of the Hong Kong Offer Shares to your stock

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

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 Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 12 February 2018.

### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

*The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*

**Deloitte.****德勤****ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MECOM POWER AND CONSTRUCTION LIMITED AND INNOVAX CAPITAL LIMITED****Introduction**

We report on the historical financial information of MECOM Power and Construction Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-44, which comprises the consolidated statements of financial position at 31 December 2014, 2015 and 2016 and 31 August 2017, the statement of financial position of the Company as at 31 August 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 December 2016 and the eight months ended 31 August 2017 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-44 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 1 February 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical 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 the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position at 31 December 2014, 2015 and 2016 and 31 August 2017, of the Company's financial position as at 31 August 2017 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

### **Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the eight months ended 31 August 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review 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 Hong Kong Standards on Auditing 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance*****Adjustments***

In preparation of Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

***Dividends***

We refer to note 11 to the Historical Financial Information which contains information about the dividends declared or paid by the group entities and states that no dividends have been paid by the Company in respect of the Relevant Periods.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

1 February 2018

**HISTORICAL FINANCIAL INFORMATION OF THE GROUP****Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The currency of the primary economic environment in which the group entities operate is Macau Pataca ("MOP"). The Historical Financial Information is also presented in MOP and all values are rounded to the nearest thousand (MOP'000) except when otherwise indicated.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

	<i>Notes</i>	Year ended 31 December			For the eight months ended 31 August	
		2014	2015	2016	2016	2017
		<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
					(unaudited)	
Revenue	6	446,244	543,424	464,882	299,053	391,467
Cost of services		<u>(338,743)</u>	<u>(413,016)</u>	<u>(367,647)</u>	<u>(232,371)</u>	<u>(315,332)</u>
Gross profit		107,501	130,408	97,235	66,682	76,135
Other income	7	34	49	279	181	399
Other losses	8	(6)	(380)	–	–	(20)
Administrative expenses		(23,254)	(16,938)	(14,596)	(10,573)	(14,684)
Listing expenses		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(13,106)</u>
Profit before tax		84,275	113,139	82,918	56,290	48,724
Income tax expense	12	<u>(11,322)</u>	<u>(16,064)</u>	<u>(14,917)</u>	<u>(9,939)</u>	<u>(8,480)</u>
Profit and total comprehensive income for the year/period	9	<u>72,953</u>	<u>97,075</u>	<u>68,001</u>	<u>46,351</u>	<u>40,244</u>
Earnings per share (MOP cents)	13	<u>7.60</u>	<u>10.11</u>	<u>7.08</u>	<u>4.83</u>	<u>4.19</u>



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December			At
		2014	2015	2016	31 August
		MOP'000	MOP'000	MOP'000	2017
					MOP'000
<b>Non-current assets</b>					
Property, plant and equipment	14	9,168	8,889	7,599	15,749
Deposit for property, plant and equipment		–	–	8,283	919
		<u>9,168</u>	<u>8,889</u>	<u>15,882</u>	<u>16,668</u>
<b>Current assets</b>					
Amounts due from customers for contract works	15	18,423	13,304	10,165	7,914
Debtors, deposits and prepayments	16	140,453	142,756	97,428	88,686
Amounts due from related companies	17	20,392	22,866	23,438	50,707
Amounts due from shareholders	18	4,056	419	26,460	46
Pledged bank deposits	19	1,322	15,364	26,457	27,481
Bank balances and cash	19	102,654	138,741	107,367	195,307
		<u>287,300</u>	<u>333,450</u>	<u>291,315</u>	<u>370,141</u>
<b>Current liabilities</b>					
Amounts due to customers for contract works	15	6,748	–	7,601	3,707
Amounts due to related companies	17	24,626	11,753	9,142	2,368
Amounts due to shareholders	18	–	2,053	–	5,021
Creditors and accrued charges	20	156,193	137,905	81,408	159,734
Tax liabilities		16,339	31,891	44,108	51,997
		<u>203,906</u>	<u>183,602</u>	<u>142,259</u>	<u>222,827</u>
<b>Net current assets</b>		<u>83,394</u>	<u>149,848</u>	<u>149,056</u>	<u>147,314</u>
<b>Net assets</b>		<u>92,562</u>	<u>158,737</u>	<u>164,938</u>	<u>163,982</u>
<b>Capital and reserves</b>					
Share capital	21	90	90	90	–*
Reserves		<u>92,472</u>	<u>158,647</u>	<u>164,848</u>	<u>163,982</u>
<b>Total equity</b>		<u>92,562</u>	<u>158,737</u>	<u>164,938</u>	<u>163,982</u>

\* Less than MOP1,000

## STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	<b>At 31 August 2017 MOP'000</b>
<b>Non-current assets</b>		
Investments in subsidiaries	26	<u>147,204</u>
		<u>147,204</u>
<b>Current assets</b>		
Prepayments	16	<u>2,647</u>
		<u>2,647</u>
<b>Current liabilities</b>		
Accrued charges	20	1,866
Amount due to a subsidiary	26	<u>13,981</u>
		<u>15,847</u>
<b>Net current liabilities</b>		<u>(13,200)</u>
<b>Net assets</b>		<u><u>134,004</u></u>
<b>Capital and reserves</b>		
Share capital	21	_*
Reserves	22	<u>134,004</u>
<b>Total equity</b>		<u><u>134,004</u></u>

\* Less than MOP1,000

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital MOP'000	Share premium MOP'000	Legal reserves MOP'000 (Note 1)	Other reserves MOP'000 (Note 2)	Retained earnings MOP'000	Total MOP'000
At 1 January 2014	90	-	45	-	34,924	35,059
Profit and total comprehensive income for the year	-	-	-	-	72,953	72,953
Dividend paid (note 11)	-	-	-	-	(15,450)	(15,450)
At 31 December 2014	90	-	45	-	92,427	92,562
Profit and total comprehensive income for the year	-	-	-	-	97,075	97,075
Dividend paid (note 11)	-	-	-	-	(30,900)	(30,900)
At 31 December 2015	90	-	45	-	158,602	158,737
Profit and total comprehensive income for the year	-	-	-	-	68,001	68,001
Dividend paid (note 11)	-	-	-	-	(61,800)	(61,800)
At 31 December 2016	90	-	45	-	164,803	164,938
Profit and total comprehensive income for the period	-	-	-	-	40,244	40,244
Shares issued at date of incorporation (Note 21)	-*	-	-	-	-	-*
Shares issued upon reorganisation and effect of reorganisation (Notes 2 and 21)	(90)*	147,204	-	(147,114)	-	-*
Dividend paid (note 11)	-	-	-	-	(41,200)	(41,200)
At 31 August 2017	-*	147,204	45	(147,114)	163,847	163,982
At 1 January 2016 (audited)	90	-	45	-	158,602	158,737
Profit and total comprehensive income for the period	-	-	-	-	46,351	46,351
Dividend paid (note 11)	-	-	-	-	(61,800)	(61,800)
At 31 August 2016 (unaudited)	90	-	45	-	143,153	143,288

Note 1: In accordance with provision of the Macau Commercial Code, the subsidiaries incorporated in Macau Special Administrative Region ("Macau") is required to transfer a minimum of 25% of the profit after taxation each year to the legal reserve until the balance meet 50% of their registered capital. The reserve is not distributable to shareholders.

Note 2: The balance of other reserves as at 31 August 2017 represents the difference between the aggregate share capital of EHY and SHY and the consideration satisfied by way of issue of shares by the Company for the acquisition of EHY and SHY by MECOM EHY and MECOM Sun Hung Yip, respectively, pursuant to the Reorganisation (as defined and detailed in note 2 to the Historical Financial Information).

\* Less than MOP1,000

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			For the eight months ended 31 August	
	2014	2015	2016	2016	2017
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
				(unaudited)	
<b>OPERATING ACTIVITIES</b>					
Profit before tax	84,275	113,139	82,918	56,290	48,724
Adjustments for:					
Depreciation of property, plant and equipment	681	2,261	2,412	1,571	3,219
Loss on disposal of property, plant and equipment	–	380	–	–	–
Bank interest income	(13)	(49)	(107)	(88)	(399)
Operating cash flows before movements in working capital	84,943	115,731	85,223	57,773	51,544
(Increase) decrease in debtors, deposits and prepayments	(106,894)	(2,303)	45,328	25,199	11,389
(Increase) decrease in amounts due from related companies	(1,235)	1,235	–	(4,008)	(49,217)
(Increase) decrease in amounts due from customers for contract works	(14,281)	5,119	3,139	8,793	2,251
Increase (decrease) in creditors and accrued charges	119,863	(18,288)	(56,497)	(80,495)	77,963
Increase (decrease) in amounts due to customers for contract works	2,950	(6,748)	7,601	246	(3,894)
Increase (decrease) in amounts due to related companies	23,446	(12,154)	(2,611)	(6,557)	(9,142)
Cash generated from operations	108,792	82,592	82,183	951	80,894
Income tax paid	(77)	(512)	(2,700)	–	(591)
<b>NET CASH FROM OPERATING     ACTIVITIES</b>	<b>108,715</b>	<b>82,080</b>	<b>79,483</b>	<b>951</b>	<b>80,303</b>

	Year ended 31 December			For the eight months ended 31 August	
	2014	2015	2016	2016	2017
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
				(unaudited)	
<b>INVESTING ACTIVITIES</b>					
Purchases of property,					
plant and equipment	(7,852)	(2,362)	(1,122)	(25)	(4,005)
Advances to related companies	(25,967)	(26,100)	(21,990)	(14,242)	(11,394)
Repayments from related companies	13,711	22,391	21,418	9,684	33,342
Repayments from shareholders	540	3,637	1,802	–	26,414
Advances to shareholders	–	–	(27,843)	(26,221)	–
(Increase) decrease in pledged bank deposits	(859)	(14,042)	(11,093)	1,282	(1,024)
Deposits for property, plant and equipment	–	–	(8,283)	–	–
Interest received	13	49	107	88	399
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<u>(20,414)</u>	<u>(16,427)</u>	<u>(47,004)</u>	<u>(29,434)</u>	<u>43,732</u>
<b>FINANCING ACTIVITIES</b>					
Advances from shareholders	–	2,053	540	180	5,021
Repayments to shareholders	–	–	(2,593)	(2,233)	–
Advances from related companies	–	–	–	–	2,368
Repayments to related companies	(4,757)	(719)	–	–	–
Issued costs paid	–	–	–	–	(2,284)
Dividend paid	(15,450)	(30,900)	(61,800)	(61,800)	(41,200)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(20,207)</u>	<u>(29,566)</u>	<u>(63,853)</u>	<u>(63,853)</u>	<u>(36,095)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	68,094	36,087	(31,374)	(92,336)	87,940
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD</b>	<u>34,560</u>	<u>102,654</u>	<u>138,741</u>	<u>138,741</u>	<u>107,367</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD</b>					
Represented by bank balances and cash	<u>102,654</u>	<u>138,741</u>	<u>107,367</u>	<u>46,405</u>	<u>195,307</u>

**NOTES TO THE HISTORICAL FINANCIAL INFORMATION****1. GENERAL**

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 May 2017. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is located at Units Q, R and S, 6/F, Praca Kin Heng Long-Heng Hoi Kuok, Kin Fu Kuok, No. 258 Alameda Dr. Carlos D'Assumpcao, Macau.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in structural steelworks, civil engineering construction, and fitting out and renovation works, high voltage power substation construction and its system installation works, facilities management, alternation and maintenance works and services.

The Historical Financial Information is presented in Macau Pataca ("MOP"), which is the same as the functional currency of the Company.

**2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with IFRSs issued by the IASB and the conventions applicable for group reorganisation (details are set out below).

During the Relevant Periods and for the period until completion of the reorganisation (the "Reorganisation"), the main operating activities including construction and civil engineering services were carried out by EHY Construction and Engineering Company Limited ("EHY") and Sun Hung Yip Engineering Construction Company Limited ("SHY"). Both companies were under control of Mr. Sou Kun Tou ("Mr. Sou"), Mr. Kuok Lam Sek ("Mr. Kuok"), Mr. Lam Kuok Wa ("Mr. Lam") and Mr. Lao Ka Wa ("Mr. Lao") (collectively referred to as the "Controlling Shareholders"). Mr. Sou, Mr. Kuok, Mr. Lam and Mr. Lao have 35%, 35%, 15% and 15%, respectively, beneficial interest in EHY and SHY.

In preparation for the listing of the Company's shares on the Stock Exchange, the Group underwent the Reorganisation, comprised with the following steps:

- (i) MECOM Holding Limited ("MECOM Holding"), was incorporated in the British Virgin Islands on 28 April 2017 and the authorised share capital of MECOM Holding was 50,000 ordinary shares with a par value of HK\$1.00 each. Upon incorporation, 35 shares, 35 shares, 15 shares and 15 shares were allotted and issued to Mr. Sou, Mr. Kuok, Mr. Lam and Mr. Lao, respectively.
- (ii) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 May 2017 to act as the holding company of the Group for the Listing on Stock Exchange. The initial authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 each (the "Shares"). Upon incorporation, 1,000 Shares, representing the entire issued share capital of the Company, were allotted and issued to MECOM Holding.
- (iii) MECOM EHY Limited ("MECOM EHY"), MECOM Hung Yip Limited ("MECOM Hung Yip") and MECOM Sun Hung Yip Limited ("MECOM Sun Hung Yip") were incorporated in the British Virgin Islands on 10 May 2017 and the authorised share capital of MECOM EHY, MECOM Hung Yip and MECOM Sun Hung Yip were 10,000 ordinary shares with a par value of HK\$1.00 each. Upon incorporation, one fully paid share was allotted and issued to the Company at par.
- (iv) On 31 May 2017, MECOM EHY acquired 50% of the share capital of EHY from each of Mr. Sou (who beneficially owned 35% and held 15% of the share capital on trust for Mr. Lam) and Mr. Kuok (who beneficially owned 35% and held 15% of the share capital on trust for Mr. Lao) at the consideration of MOP57,404,932 and MOP57,404,932, which was determined with reference to net asset value of EHY as at 30 April 2017. The consideration for the above transfers was settled by the Company allotting and issuing 500 Shares to MECOM Holding (as directed by Mr. Sou, Mr. Kuok, Mr. Lam and Mr. Lao) on the same day. Upon completion of such transfers, EHY became a direct wholly-owned subsidiary of MECOM EHY.

- (v) On 31 May 2017, MECOM Sun Hung Yip acquired 35%, 35%, 15% and 15% of the share capital in SHY from Mr. Sou, Mr. Kuok, Mr. Lam and Mr. Lao, respectively, at the consideration of MOP32,393,744, which was determined with reference to net asset value of SHY as at 30 April 2017. The consideration for the above transfers were settled by the Company allotting and issuing 500 Shares to MECOM Holding (as directed by Mr. Sou, Mr. Kuok, Mr. Lam and Mr. Lao) on the same day. Upon completion of such transfers, SHY became a direct wholly-owned subsidiary of MECOM Sun Hung Yip.
- (vi) On 2 June 2017, MECOM Holding entered into a pre-IPO agreement with each of King Dragon Ventures Limited (the "King Dragon") and One Wesco Inc. (the "One Wesco", together with the King Dragon, the "Pre-IPO Investors"), pursuant to which MECOM Holding agreed to sell (a) 588 Shares to the King Dragon at a consideration of HK\$10,800,000; and (b) 160 Shares to the One Wesco at a consideration of HK\$2,938,776 (the "Pre-IPO Investments").

Upon completion of the Pre-IPO Investments, the King Dragon and One Wesco held approximately 29.4% and 8% of the then issued share capital of the Company. The consideration for the Pre-IPO Investments was determined on an arm's length basis with reference to the net assets value of the Group as at 30 April 2017, taking into account an agreed discount.

The Company became the holding company of the companies now comprising the Group on 31 May 2017. Since the Controlling Shareholders controls all the companies now comprising the Group during the Relevant Periods and before and after the Reorganisation, the Group comprising the Company and its subsidiaries is regarded as a continuing entity. The Historical Financial Information has been prepared on the basis as if the Company has always been the holding company of the Group using the principle of merger accounting in accordance with the convention applicable for group reorganisation.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows for the Relevant Periods which include the results, changes in equity and cash flows of the entities comprising the Group have been prepared as if the current structure had been in existence throughout the Relevant Periods, or since their respective dates of establishment where there is shorter period.

The consolidated statements of financial position at 31 December 2014, 2015 and 2016 have been prepared to present the assets and liabilities of the entities comprising the Group as if the current group structure upon the completion of the Reorganisation had been in existence at those dates.

No statutory financial statements of the Company have been prepared since its incorporation as it was incorporated in a jurisdiction where there is no statutory audit requirements.

### 3. ADOPTION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Group has consistently applied the IFRSs, which are effective for the accounting period beginning on the first day of the last financial period reported on throughout the Relevant Periods.

At the date of this report, the Group has not applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
IFRS 16	Leases <sup>2</sup>
IFRS 17	Insurance Contracts <sup>4</sup>
IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
IFRIC 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts <sup>1</sup>
Amendments to IFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to IAS 40	Transfer of Investment Property <sup>1</sup>
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014 – 2016 Cycle <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle <sup>2</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>3</sup> Effective for annual periods beginning on or after a date to be determined
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2021

### **IFRS 9 *Financial Instruments***

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company have reviewed the Group's financial assets as at 31 August 2017 and anticipate that the application of IFRS 9 in the future may result in early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised cost and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model.

### **IFRS 15 *Revenue from Contracts with Customers***

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 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 IFRS 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 IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.



**IFRS 16 Leases**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 August 2017, the Group has non-cancellable operating lease commitments of approximately MOP321,000 as disclosed in note 23. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

The directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the result and the net financial position of the Group.

Except as discussed above, the directors of the Company anticipate that the application of the other new and amendments to IFRSs and interpretations will have no material impact on the consolidated financial statements of the Group in the future.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The Historical Financial Information has been prepared in accordance with IFRSs issued by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

The Historical 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 Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 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 consolidation**

The Historical Financial Information incorporates the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### **Merger accounting for business combination involving entities under common control**

The Historical 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 are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain 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 include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

**Investments in subsidiaries**

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from construction contracts is described in the accounting policy on construction contracts below.

Facilities management, alteration and maintenance works and services income is recognised when service is 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 income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the construction works performed, which are certified by customers, relative to the estimated total contract sum. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

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

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

**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 expenses on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**Retirement benefits costs**

Payments to the defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before tax" as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Property, plant and equipment**

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

***Financial assets***

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including debtors, deposits and prepayments, amounts due from shareholders, amounts due from related companies, pledged bank deposits and bank balance and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### ***Financial liabilities and equity instruments***

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

#### ***Financial liabilities at amortised cost***

Financial liabilities (including trade and retention payables, other payables, amounts due to shareholders, amounts due to related companies and amount due to a subsidiary) are subsequently measured at amortised cost, using the effective interest method.

#### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

#### ***Derecognition***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Impairment on tangible assets**

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

**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.

**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 judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

***Construction contracts in respect of construction and civil engineering work***

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Estimated construction revenue is determined in accordance with the terms set out in the relevant contract. Construction costs which mainly comprise subcontracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Variations in contract work and claims are included in revenue to

the extent that the amount has been certified by the architect and its receipt is considered probable based on the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

#### *Estimated impairment of trade and retention receivables*

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

As at 31 December 2014, 2015 and 2016 and 31 August 2017, the carrying amounts of trade and retention receivables of the Group were approximately MOP116,045,000, MOP126,302,000, MOP91,795,000 and MOP83,423,000 (note 16).

## 6. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for revenue arising on structural steelworks, civil engineering construction, and fitting out and renovation works, high voltage power substation construction and its system installation works, facilities management, alteration and maintenance works and services.

For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 4. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

	Year ended 31 December			For the eight months ended 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2016 MOP'000 (unaudited)	2017 MOP'000
Structural steelworks, civil engineering construction, and fitting out and renovation works	325,531	404,262	233,694	159,129	298,321
High voltage power substation construction and its system installation works	107,652	99,062	186,666	112,112	53,204
Facilities management, alteration and maintenance works and services	13,061	40,100	44,522	27,812	39,942
	<u>446,244</u>	<u>543,424</u>	<u>464,882</u>	<u>299,053</u>	<u>391,467</u>

No analysis of the Group's assets and liabilities is disclosed as such information is not regularly provided to the CODM for review.

#### **Geographical information**

The Group's revenue is all derived from operations in Macau and the Group's non-current assets are all located in Macau.



**Information about major customers**

Revenue from customers in respect of structural steelworks, civil engineering construction, and fitting out and renovation works, high voltage power substation construction and its system installation works, facilities management, alternation and maintenance works and services of the Relevant Periods contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 December			For the eight months ended 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2016 MOP'000 (unaudited)	2017 MOP'000
Customer A	195,443	N/A*	N/A*	N/A*	210,917
Customer B	65,247	61,248	N/A*	N/A*	N/A*
Customer C	50,199	86,483	N/A*	N/A*	48,292
Customer D	N/A*	106,958	N/A*	N/A*	N/A*
Customer E	N/A*	151,255	123,897	96,326	N/A*
Customer F	N/A*	N/A*	163,843	94,271	N/A*
Customer G	N/A*	N/A*	N/A*	N/A*	44,873
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

\* Revenue from the relevant customer was less than 10% of the Group's total revenue for the respective year/period.

**7. OTHER INCOME**

	Year ended 31 December			For the eight months ended 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2016 MOP'000 (unaudited)	2017 MOP'000
Bank interest income	13	49	107	88	399
Others	21	–	172	93	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	34	49	279	181	399
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**8. OTHER LOSSES**

	Year ended 31 December			For the eight months ended 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2016 MOP'000 (unaudited)	2017 MOP'000
Loss on disposal of property, plant and equipment	–	380	–	–	–
Net foreign exchange loss	6	–	–	–	20
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	6	380	–	–	20
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 9. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			For the eight months ended 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2016 MOP'000 (unaudited)	2017 MOP'000
Profit for the year/period has been arrived at after charging:					
Directors' emoluments (note 10)	-	-	-	-	1,400
Other staff cost:					
Salaries, bonus and other allowances	39,861	47,671	56,805	31,820	57,065
Retirement benefit scheme contributions, excluding those of directors	748	1,042	1,149	849	632
Total staff costs	40,609	48,713	57,954	32,669	59,097
Less: amounts included in cost of services	(37,049)	(43,815)	(53,651)	(28,933)	(51,969)
	<u>3,560</u>	<u>4,898</u>	<u>4,303</u>	<u>3,736</u>	<u>7,128</u>
Auditors' remuneration (Note)	-	-	-	-	-
Depreciation of property, plant and equipment	681	2,261	2,412	1,571	3,219
Legal and professional fees	13,158	230	180	180	118
Minimum lease payment in respect of:					
- rental premises	955	1,257	1,331	893	1,268
- machineries and equipment	4,998	14,268	8,133	6,191	3,403

Note: During the Relevant Periods, EHY and SHY did not prepare audited financial statements as they fall under the category of Group A taxpayers in Macau. No auditors had been appointed and no auditors' remuneration incurred.

## 10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

## Directors

The Company did not have any chief executive, executive directors, non-executive directors or independent non-executive directors at any time during the years ended 31 December 2014, 2015 and 2016 since the Company was only incorporated on 8 May 2017.

On 8 May 2017, Mr. Sou was appointed as an executive director and the chief executive officer of the Company and Mr. Kuok was appointed as an executive director and the chairman of the Company. The directors of the Company did not receive any remuneration from subsidiaries now comprising the Group for their appointment as directors or officers of these subsidiaries or for the management of affairs of the subsidiaries during the years ended 31 December 2014, 2015 and 2016.

*Year ended 31 December 2014*

	Fee <i>MOP'000</i>	Salaries and other allowance <i>MOP'000</i>	Discretionary bonus <i>MOP'000</i>	Retirement benefit scheme contributions <i>MOP'000</i>	Total <i>MOP'000</i>
Executive directors:					
Mr. Sou	-	-	-	-	-
Mr. Kuok	-	-	-	-	-
	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Year ended 31 December 2015*

	Fee <i>MOP'000</i>	Salaries and other allowance <i>MOP'000</i>	Discretionary bonus <i>MOP'000</i>	Retirement benefit scheme contributions <i>MOP'000</i>	Total <i>MOP'000</i>
Executive directors:					
Mr. Sou	-	-	-	-	-
Mr. Kuok	-	-	-	-	-
	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Year ended 31 December 2016*

	Fee <i>MOP'000</i>	Salaries and other allowance <i>MOP'000</i>	Discretionary bonus <i>MOP'000</i>	Retirement benefit scheme contributions <i>MOP'000</i>	Total <i>MOP'000</i>
Executive directors:					
Mr. Sou	-	-	-	-	-
Mr. Kuok	-	-	-	-	-
	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Eight months ended 31 August 2016 (unaudited)*

	Fee <i>MOP'000</i>	Salaries and other allowance <i>MOP'000</i>	Discretionary bonus <i>MOP'000</i>	Retirement benefit scheme contributions <i>MOP'000</i>	Total <i>MOP'000</i>
Executive directors:					
Mr. Sou	-	-	-	-	-
Mr. Kuok	-	-	-	-	-
	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Eight months ended 31 August 2017*

	Fee <i>MOP'000</i>	Salaries and other allowance <i>MOP'000</i>	Discretionary bonus <i>MOP'000</i>	Retirement benefit scheme contributions <i>MOP'000</i>	Total <i>MOP'000</i>
Executive directors:					
Mr. Sou	–	700	–	–	700
Mr. Kuok	–	700	–	–	700
	–	1,400	–	–	1,400

**Employees**

The emoluments of the five highest paid individuals of the Group for the years ended 31 December 2014, 2015 and 2016 and the eight months ended 31 August 2016 and 2017 are as follows:

	Year ended 31 December			For the eight months ended 31 August	
	2014 <i>MOP'000</i>	2015 <i>MOP'000</i>	2016 <i>MOP'000</i>	2016 <i>MOP'000</i> (unaudited)	2017 <i>MOP'000</i>
Salaries and other allowances	3,048	5,016	4,778	3,272	3,507
Discretionary bonus ( <i>Note</i> )	5,378	4,356	6,490	4,327	459
Retirement benefit scheme contributions	6	7	5	1	1
	8,432	9,379	11,273	7,600	3,967

*Note:* The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December			For the eight months ended 31 August	
	2014 <i>Number of employees</i>	2015 <i>Number of employees</i>	2016 <i>Number of employees</i>	2016 <i>Number of employees</i> (unaudited)	2017 <i>Number of employees</i>
Nil to HK\$1,000,000	3	1	2	2	–
HK\$1,000,001 to HK\$1,500,000	1	1	–	1	2
HK\$1,500,001 to HK\$2,000,000	–	1	–	–	1
HK\$2,000,001 to HK\$2,500,000	–	1	1	2	–
HK\$3,000,001 to HK\$3,500,000	–	1	–	–	–
HK\$3,500,001 to HK\$4,000,000	–	–	2	–	–
HK\$5,000,001 to HK\$5,500,000	1	–	–	–	–

During the Relevant Periods, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the Relevant Periods.

## 11. DIVIDENDS

During the years ended 31 December 2014, 2015 and 2016 and the eight months ended 31 August 2017, EHY and SHY declared and paid dividends of an aggregate amount of MOP15,450,000, MOP30,900,000, MOP61,800,000 and MOP41,200,000, respectively, to their shareholders. The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

No dividend was paid or declared by the Company since its incorporation.

## 12. INCOME TAX EXPENSE

	Year ended 31 December			For the eight months ended 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2016 MOP'000 (unaudited)	2017 MOP'000
Current tax:					
Macau Complementary Tax	11,322	16,064	14,917	9,939	8,480

The Company was incorporated in the Cayman Islands and is exempted from income tax.

The Group is subject to Macau Complementary Tax at a rate of 12% on the assessable income exceeding MOP600,000 for each of the assessment year/period during the Relevant Periods.

The tax charge for the Relevant Periods can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			For the eight months ended 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2016 MOP'000 (unaudited)	2017 MOP'000
Profit before tax	84,275	113,139	82,918	56,290	48,724
Tax charge at Macau Complementary Tax rate of 12%	10,113	13,577	9,950	6,755	5,847
Tax effect of expenses not deductible for tax purpose	1,353	2,631	5,111	3,280	2,729
Special complementary tax incentive	(144)	(144)	(144)	(96)	(96)
Tax charge for the year/period	11,322	16,064	14,917	9,939	8,480

## 13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	Year ended 31 December			For the eight months ended 31 August	
	2014 <i>MOP'000</i>	2015 <i>MOP'000</i>	2016 <i>MOP'000</i>	2016 <i>MOP'000</i> (unaudited)	2017 <i>MOP'000</i>
Earnings					
Earnings for the purpose of calculating basic earnings per share (profit for the year/period attributable to the owners of the Company)	72,953	97,075	68,001	46,351	40,244
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Number of shares					
Number of shares for the purpose of calculating basic earnings per share	960,000	960,000	960,000	960,000	960,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalization issue as described in Appendix V to the Prospectus had been effective on 1 January 2014.

No diluted earnings per share for the Relevant Periods was presented as there were no potential ordinary shares in issue during the Relevant Periods.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles <i>MOP'000</i>	Plant and machinery <i>MOP'000</i>	Office equipment <i>MOP'000</i>	Computer equipment <i>MOP'000</i>	Total <i>MOP'000</i>
<b>COST</b>					
At 1 January 2014	442	1,832	98	41	2,413
Additions	118	7,579	27	128	7,852
At 31 December 2014	560	9,411	125	169	10,265
Additions	1,702	594	27	39	2,362
Written off	–	(515)	(66)	(89)	(670)
At 31 December 2015	2,262	9,490	86	119	11,957
Additions	–	1,053	19	50	1,122
At 31 December 2016	2,262	10,543	105	169	13,079
Additions	–	11,330	6	33	11,369
At 31 August 2017	2,262	21,873	111	202	24,448
<b>DEPRECIATION</b>					
At 1 January 2014	205	200	9	2	416
Provided for the year	89	550	21	21	681
At 31 December 2014	294	750	30	23	1,097
Provided for the year	232	1,962	29	38	2,261
Written off	–	(231)	(30)	(29)	(290)
At 31 December 2015	526	2,481	29	32	3,068
Provided for the year	415	1,950	18	29	2,412
At 31 December 2016	941	4,431	47	61	5,480
Provided for the period	265	2,916	14	24	3,219
At 31 August 2017	1,206	7,347	61	85	8,699
<b>CARRYING VALUE</b>					
At 31 December 2014	266	8,661	95	146	9,168
At 31 December 2015	1,736	7,009	57	87	8,889
At 31 December 2016	1,321	6,112	58	108	7,599
At 31 August 2017	1,056	14,526	50	117	15,749

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Motor vehicles	20%
Plant and machinery	20%
Office equipment	20%
Computer equipment	20%

## 15. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	At 31 December			At 31 August
	2014	2015	2016	2017
	MOP'000	MOP'000	MOP'000	MOP'000
Construction in progress:				
Contract costs incurred plus recognised profits less recognised losses	335,366	408,480	565,018	403,122
Less: progress billings	(323,691)	(395,176)	(562,454)	(398,915)
	<u>11,675</u>	<u>13,304</u>	<u>2,564</u>	<u>4,207</u>
Analysed for reporting purposes as:				
Amounts due from customers for contract works	18,423	13,304	10,165	7,914
Amounts due to customers for contract works	(6,748)	–	(7,601)	(3,707)
	<u>11,675</u>	<u>13,304</u>	<u>2,564</u>	<u>4,207</u>

## 16. DEBTORS, DEPOSITS AND PREPAYMENTS

	The Group			The Company	
	At 31 December			At 31 August	At 31 August
	2014	2015	2016	2017	2017
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000
Trade receivables	109,034	112,342	73,513	69,043	–
Retention receivables	7,011	13,960	18,282	14,380	–
Other debtors, deposits and prepayments					
– Deposits	592	331	859	1,059	–
– Prepayments	15,742	13,402	1,871	–	–
– Deferred listing expenses	–	–	–	2,647	2,647
– Other	8,074	2,721	2,903	1,557	–
	<u>140,453</u>	<u>142,756</u>	<u>97,428</u>	<u>88,686</u>	<u>2,647</u>

No allowance for doubtful debt was provided during the Relevant Periods and no provision for doubtful debt had been recognised as at the end of each reporting period.

**Trade Receivables**

The Group allows credit period of 0 to 90 days to its customers. The aged analysis of the Group's trade receivables, net of allowances, based on invoice date at the end of each reporting period are as follows:

	At 31 December			At 31 August
	2014	2015	2016	2017
	MOP'000	MOP'000	MOP'000	MOP'000
0 – 90 days	97,875	91,890	52,439	62,245
91 – 365 days	10,910	20,452	18,575	5,035
1 – 2 years	249	–	2,499	241
Over 2 years	–	–	–	1,522
	<u>109,034</u>	<u>112,342</u>	<u>73,513</u>	<u>69,043</u>



Included in the Group's trade receivables are debtors with a carrying amount of MOP14,388,000, MOP26,282,000, MOP26,906,000 and MOP16,515,000 at 31 December 2014, 2015 and 2016 and 31 August 2017, respectively, which are past due but not impaired as at the end of respective reporting periods. As there has not been a significant change in credit quality and a substantial amount of these debts were subsequently settled, the amount are still considered recoverable.

	At 31 December			At 31 August
	2014	2015	2016	2017
	MOP'000	MOP'000	MOP'000	MOP'000
Overdue:				
0 – 90 days	6,320	12,720	17,772	12,094
91 – 365 days	7,819	13,562	6,635	2,658
1 – 2 years	249	–	2,499	241
Over 2 years	–	–	–	1,522
	<u>14,388</u>	<u>26,282</u>	<u>26,906</u>	<u>16,515</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade receivables that are past due but not impaired are from customers with good credit quality with reference to respective settlement history. 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 defect liability period of individual contracts, ranging from 1 year 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 defect liability period, at the end of each reporting period.

	At 31 December			At 31 August
	2014	2015	2016	2017
	MOP'000	MOP'000	MOP'000	MOP'000
On demand or within one year	7,011	12,358	16,169	14,380
After one year	–	1,602	2,113	–
	<u>7,011</u>	<u>13,960</u>	<u>18,282</u>	<u>14,380</u>

Included in the Group's retention receivables are debtors with a carrying amount of MOP736,000, MOP2,928,000, MOP6,637,000 and MOP6,466,000 at 31 December 2014, 2015 and 2016 and 31 August 2017, respectively, which are past due but not impaired as at the end of respective reporting periods. As there has not been a significant change in credit quality and a substantial amount of these debts were subsequently settled, the amount are still considered recoverable.

In determining the recoverability of trade and retention receivables, the Group considers any change in the credit quality of the customers from the date credit was initially granted up to the end of each of the reporting period.

## 17. AMOUNTS DUE FROM (TO) RELATED COMPANIES

	At				Maximum amount outstanding during				
	1 January	At 31 December			31 August	years ended			eight
	2014	2014	2015	2016	2017	2014	2015	2016	months ended
	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	MOP'000	ended
									31 August
									2017
									MOP'000
<b>Non-trade nature</b>									
<b>Amounts due from related companies</b>									
Lei Hong Engineering Limited (Note a)	-	9,105	17,756	21,538	-	9,760	18,266	27,215	21,683
ACEL Engineering Company Limited (Note a)	-	1,715	3,034	1,830	1,490	13,638	16,578	15,495	12,974
Aerosun Hung Yip (Macau) Limited (Note b)	206	-	-	-	-	206	-	-	-
Hitech Engineering & Material Co., Ltd (Note b)	-	-	-	70	-	-	-	70	70
Macao Modern Environmental Protection Technology Company Limited (Note a)	5,768	5,768	-	-	-	5,768	5,768	-	-
Companhia De Obras Kai Son (Macau) Limitada (Note c)	927	2,499	-	-	-	2,499	2,499	-	-
Lei Mang Engineering Co., Ltd (Note b)	-	52	2,076	-	-	52	2,076	2,076	-
Autoduct (Macao) E & M Engineering Co., Ltd. (Note a)	-	18	-	-	-	18	18	-	105
	<u>6,901</u>	<u>19,157</u>	<u>22,866</u>	<u>23,438</u>	<u>1,490</u>				
<b>Trade nature</b>									
<b>Amounts due from related companies</b>									
Aerosun Hung Yip (Macau) Limited (Note b)	-	1,235	-	-	-	-	-	-	-
Melco Resorts & Entertainment Limited (Note d)	-	-	-	-	49,217	-	-	-	-
	<u>-</u>	<u>1,235</u>	<u>-</u>	<u>-</u>	<u>49,217</u>				
	<u>6,901</u>	<u>20,392</u>	<u>22,866</u>	<u>23,438</u>	<u>50,707</u>				

The following is an aged analysis of the amounts due from related companies presented based on invoice date at the end of each reporting period.

	At 31 December			At 31 August
	2014	2015	2016	2017
	MOP'000	MOP'000	MOP'000	MOP'000
Within 90 days	1,235	-	-	46,089
91 – 365 days	-	-	-	3,128
	<u>1,235</u>	<u>-</u>	<u>-</u>	<u>49,217</u>

As at 31 August 2017, included in the amounts due from related companies were receivables with a carrying amount of MOP3,848,000 (nil for 31 December 2014, 2015 and 2016) which were past due but not impaired. As there has not been a significant change in credit quality and a substantial amount of this related company was subsequently settled, the amount is still considered recoverable.

	At 31 December		2016	At 31 August
	2014	2015		2017
	MOP'000	MOP'000	MOP'000	MOP'000
Overdue:				
0 – 90 days	–	–	–	3,684
91 – 365 days	–	–	–	164
	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,848</u>

The amounts due from related companies that were past due but not impaired had good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

	At 31 December		2016	At 31 August
	2014	2015		2017
	MOP'000	MOP'000	MOP'000	MOP'000
<b>Non-trade nature</b>				
<b>Amounts due to related companies</b>				
Lei Hong Engineering Limited (Note a)	–	–	–	34
ACEL Engineering Company Limited (Note a)	–	–	–	2,334
Aerosun Hung Yip (Macau) Limited (Note b)	719	–	–	–
	<u>719</u>	<u>–</u>	<u>–</u>	<u>2,368</u>
<b>Trade nature</b>				
<b>Amounts due to related companies</b>				
ACEL Engineering Company Limited (Note a)	1,885	2,045	1,952	–
Hytech Engineering & Material Co., Ltd (Note b)	–	498	–	–
Sieger Facilities Management Limited (Note b)	–	–	2,609	–
Macao Modern Environmental Protection Technology Company Limited (Note a)	8,276	–	–	–
Companhia De Obras Kai Son (Macau) Limitada (Note c)	9,870	–	–	–
Ou Hou Investment and Development Co., Ltd (Note b)	–	2,000	–	–
Lei Mang Engineering Co., Ltd (Note b)	3,876	7,210	4,581	–
	<u>23,907</u>	<u>11,753</u>	<u>9,142</u>	<u>–</u>
	<u>24,626</u>	<u>11,753</u>	<u>9,142</u>	<u>2,368</u>

The credit period on the trade payables is 0 to 90 days. The following is an aged analysis of the trade payables from related companies presented based on invoice date at the end of each reporting period.

	<b>2014</b>	<b>At 31 December 2015</b>	<b>2016</b>	<b>At 31 August 2017</b>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Within 90 days	23,907	11,753	8,426	–
91 – 365 days	–	–	716	–
	<u>23,907</u>	<u>11,753</u>	<u>9,142</u>	<u>–</u>

Notes:

- (a) The Controlling Shareholders have beneficial interest over these related companies.
- (b) These companies were related companies in which Controlling Shareholders have beneficial interest. In July 2017, the equity interest of the Controlling Shareholders were transferred to third parties, therefore these companies were not related companies of the Group since July 2017.
- (c) The company was a related company in which Controlling Shareholders have beneficial interest. In June 2017, the equity interest of the Controlling Shareholders were transferred to third parties, therefore the company was not a related company of the Group since June 2017.
- (d) Mr. Ho Lawrence Yau Lung (“Mr. Ho”) is the controlling shareholder of Melco Resorts & Entertainment Limited, which became the Group’s related company since June 2017 when Mr. Ho became a 29.4% shareholder of the Company through King Dragon (wholly owned by Mr. Ho) in June 2017.

As at the end of each reporting periods, the non-trade amounts with related companies are unsecured, interest-free and repayable on demand.

As represented by the directors of the Company, the outstanding non-trade amounts due from/to related companies as at 31 August 2017 will be fully settled before the listing of the Company’s shares on the Stock Exchange.

## 18. AMOUNTS DUE FROM (TO) SHAREHOLDERS

Shareholders	Terms	Maximum amount outstanding during								
		At 1 January 2014	At 31 December 2014	At 31 December 2015	At 31 December 2016	At 31 August 2017	years ended 31 December			eight months ended 31 August
		<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
<b>Amounts due from shareholders</b>										
<b>Non-trade nature</b>										
Mr. Sou	Unsecured, interest-free and repayable on demand	38	38	38	38	38	38	38	38	38
Mr. Kuok	Unsecured, interest-free and repayable on demand	4,542	4,002	373	13,923	–	4,542	4,002	18,914	13,923
Mr. Lam	Unsecured, interest-free and repayable on demand	8	8	–	12,491	–	8	8	15,458	12,491
Mr. Lao	Unsecured, interest-free and repayable on demand	8	8	8	8	8	8	8	8	8
		<u>4,596</u>	<u>4,056</u>	<u>419</u>	<u>26,460</u>	<u>46</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>

		At 31 December		At 31 August	
		2014 MOP'000	2015 MOP'000	2016 MOP'000	2017 MOP'000
<b>Amounts due to shareholders</b>					
<b>Non-trade nature</b>					
Mr. Kuok	Unsecured, interest-free and repayable on demand	-	-	-	1,938
Mr. Lam	Unsecured, interest-free and repayable on demand	-	2,053	-	3,083
		-	2,053	-	5,021

As represented by the directors of the Company, the outstanding amounts as at 31 August 2017 will be settled before the listing of the Company's shares on the Stock Exchange.

#### 19. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	At 31 December		At 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2017 MOP'000
Pledged bank deposits	1,322	15,364	26,457	27,481
Bank balances and cash	102,654	138,741	107,367	195,307

Pledged bank deposits represents bank deposits which are pledged to secure bank guarantee to the Group. As at 31 December 2014, 2015 and 2016 and 31 August 2017, the pledged bank deposits carried interest rate range of 2%, 0.61%-1.7%, 0.84%-0.9% and 0.9%-1.2% per annum, respectively.

Bank balances carry interest at prevailing market rates at 0.01% per annum as at 31 December 2014, 2015 and 2016 and 31 August 2017.

The carrying amounts of the Group's pledged bank deposits and bank balances and cash denominated in currencies other than functional currencies of the relevant group entities at each of the reporting dates are as follows:

	At 31 December		At 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2017 MOP'000
Hong Kong Dollar ("HK\$")	79,172	146,213	113,993	154,572

#### 20. CREDITORS AND ACCRUED CHARGES

	The Group			The Company	
	At 31 December		2016 MOP'000	At 31 August	At 31 August
	2014 MOP'000	2015 MOP'000		2017 MOP'000	2017 MOP'000
Trade payables	100,991	35,377	39,780	56,199	-
Retention payables	2,435	4,067	2,423	1,640	-
Other creditors and accrued charges					
- Accrued expenses and construction costs	15,248	12,467	13,795	101,895	1,866
- Deposits received from customers	100	-	-	-	-
- Receipt in advance	37,419	85,994	25,410	-	-
	156,193	137,905	81,408	159,734	1,866

The credit period on trade purchases is 0 to 90 days. Ageing analysis of the Group's trade payables based on invoice dates at the end of each reporting period is as follows:

	At 31 December		At 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2017 MOP'000
0 – 90 days	100,321	33,993	36,540	51,222
91 – 365 days	103	1,384	3,080	2,747
1 – 2 years	567	–	160	2,230
	<u>100,991</u>	<u>35,377</u>	<u>39,780</u>	<u>56,199</u>

Retention payables are interest-free and payable at the end of the defect 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 retention payables which are to be settled, based on the expiry of the defect liability period, at the end of each reporting period.

	At 31 December		At 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2017 MOP'000
On demand or within one year	1,653	3,839	2,423	1,640
After one year	782	228	–	–
	<u>2,435</u>	<u>4,067</u>	<u>2,423</u>	<u>1,640</u>

## 21. SHARE CAPITAL

### The Group

At 1 January 2014, 31 December 2014, 2015 and 2016, the share capital of the Group represents the aggregate share capital of EHY and SHY of MOP40,000 and MOP50,000, respectively.

Upon completion of the Reorganisation, the share capital of the Group as at 31 August 2017 represented the issued share capital of the Company with carrying amount of MOP20.6.

The movements in the Company's authorised and issued ordinary share capital are as follows:

	Number of shares	Share capital MOP
Ordinary shares of HK\$0.01 each		
Authorised:		
On date of incorporation on 8 May 2017 and at 31 August 2017	<u>38,000,000</u>	<u>391,400</u>
Issued:		
At 8 May 2017 (date of incorporation)	1,000	10.3
Issue of shares on 31 May 2017 pursuant to the Reorganisation	<u>1,000</u>	<u>10.3</u>
At 31 August 2017	<u>2,000</u>	<u>20.6</u>

## 22. RESERVES OF THE COMPANY

	Share premium <i>MOP'000</i>	Accumulated loss <i>MOP'000</i>	Total <i>MOP'000</i>
At 8 May 2017 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(13,200)	(13,200)
Effect of group reorganisation ( <i>note 2</i> )	147,204	–	147,204
At 31 August 2017	<u>147,204</u>	<u>(13,200)</u>	<u>134,004</u>

## 23. OPERATING LEASES COMMITMENTS

## The Group as lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2014 <i>MOP'000</i>	At 31 December 2015 <i>MOP'000</i>	2016 <i>MOP'000</i>	At 31 August 2017 <i>MOP'000</i>
Within one year	608	225	252	321
In the second to fifth year inclusive	66	–	–	–
	<u>674</u>	<u>225</u>	<u>252</u>	<u>321</u>

Including in the operating leases commitments, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases with Mr. Kuok and Ms. Wong Fong Peng (the spouse of Mr. Kuok) in respect of rented premises which fall due as follows:

	2014 <i>MOP'000</i>	At 31 December 2015 <i>MOP'000</i>	2016 <i>MOP'000</i>	At 31 August 2017 <i>MOP'000</i>
Within one year	198	66	66	214
In the second to fifth year inclusive	66	–	–	–
	<u>264</u>	<u>66</u>	<u>66</u>	<u>214</u>

The leases are generally negotiated for a lease term of one to two years at fixed rentals.

## 24. CAPITAL COMMITMENT

At the end of the reporting period, the Group had the following capital commitments in respect of the acquisition of property, plant and equipment.

	2014 <i>MOP'000</i>	At 31 December 2015 <i>MOP'000</i>	2016 <i>MOP'000</i>	At 31 August 2017 <i>MOP'000</i>
Contracted but not provided for	–	–	3,966	–
	<u>–</u>	<u>–</u>	<u>3,966</u>	<u>–</u>

## 25. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the consolidated statements of financial position and other details disclosed elsewhere in the Historical Financial Information, the Group also entered into the following significant transactions with related parties during the Relevant Periods.

Name of related parties	Nature of transaction	Year ended 31 December			For the eight months ended 31 August	
		2014 MOP'000	2015 MOP'000	2016 MOP'000	2016 MOP'000 (unaudited)	2017 MOP'000
Mr. Kuok and Ms. Wong Fong Peng (the spouse of Mr. Kuok)	Office rental expenses	540	540	540	360	390
	Warehouse rental expenses	157	192	198	132	132
ACEL Engineering Company Limited (Note a)	Construction works expenses	1,885	828	1,952	–	206
	Service fee expenses	4,818	6,800	6,800	4,534	3,400
Aerosun Hung Yip (Macau) Limited (Note b)	Facilities management income	1,235	4,375	–	–	–
Hytech Engineering & Material Co., Ltd (Note b)	Construction works expenses	–	512	1,597	763	1,179
Sieger Facilities Management Limited (Note b)	Facilities management expenses	–	–	5,183	887	14,360
Macao Modern Environmental Protection Technology Company Limited (Note a)	Raw material expenses	8,276	22,218	–	–	–
Lei Mang Engineering Co., Ltd (Note b)	Consultancy service expenses	7,007	10,600	12,810	9,226	1,859
	Construction service income	–	67	2,583	1,005	502
Autoduct (Macao) E&M Engineering Co., Ltd. (Note a)	Construction works expenses	576	91	27	26	67
Companhia De Obras Kai Son (Macau) Limitada (Note c)	Construction works expenses	14,698	3,529	–	–	–
H&Y Engineering Company, Limited (Note a)	Construction works expenses	115	–	–	–	–
Kappa Electrical & Mechanical Engineering Co., Ltd (Note b)	Construction works expenses	–	–	45	45	4,620
	Construction service income	–	–	–	–	264
Ou Hou Investment and Development Co., Ltd (Note b)	Construction works expenses	–	5,574	5,177	4,257	–
Melco Resorts & Entertainment Limited (Note d)	Construction service income	–	–	–	–	95,733



*Notes:*

- (a) The Controlling Shareholders have beneficial interest over the related companies.
- (b) These companies were related companies in which Controlling Shareholders have beneficial interest. In July 2017, the equity interest of the Controlling Shareholders were transferred to third parties, therefore these companies were not related companies of the Group since July 2017.
- (c) The company was a related company in which Controlling Shareholders have beneficial interest. In June 2017, the equity interest of the Controlling Shareholders were transferred to third parties, therefore the company was not a related company of the Group since June 2017.
- (d) Mr. Ho is the controlling shareholder of Melco Resorts & Entertainment Limited, which became the Group's related company since June 2017 when Mr. Ho became a 29.4% shareholder of the Company through King Dragon (wholly owned by Mr. Ho) in June 2017.

**Compensation of key management personnel**

The directors of the Company and senior management of the Group are identified as key management members of the Group. Their short-term benefits and post-employment benefits for the eight months ended 31 August 2017 are MOP2,291,000 (nil for the year ended 31 December 2014, 2015 and 2016 and the period ended 31 August 2016) and MOP4,000 (nil for the year ended 31 December 2014, 2015 and 2016 and the period ended 31 August 2016), respectively.

**26. INVESTMENTS IN AND PARTICULARS OF SUBSIDIARIES**

The unlisted investments in subsidiaries of the Company was MOP147,204,000 as at 31 August 2017.

The amount due to a subsidiary of the Company as at 31 August 2017 is unsecured, interest-free and repayable on demand.

As at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place and the date of incorporation/ establishment	Issued and fully paid capital	Equity interest attributable to the Company as at				Principal activities	Note
			31 December 2014	31 December 2015	31 December 2016	31 August 2017		
<i>Directly held:</i>								
MECOM EHY	British Virgin Islands 10 May 2017	HK\$1	–	–	–	100%	100%	Investment holding (a)
MECOM Hung Yip	British Virgin Islands 10 May 2017	HK\$1	–	–	–	100%	100%	Investment holding (a)
MECOM Sun Hung Yip	British Virgin Islands 10 May 2017	HK\$1	–	–	–	100%	100%	Investment holding (a)
<i>Indirectly held:</i>								
EHY	Macau Special Administrative Region 7 September 2010	MOP40,000	100%	100%	100%	100%	100%	Construction works and civil engineering (b)
SHY	Macau Special Administrative Region 12 March 2008	MOP50,000	100%	100%	100%	100%	100%	Construction works and civil engineering (b)

All subsidiaries now comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

*Note:*

- (a) No audited financial statements have been prepared since the date of incorporation as these companies were incorporated in a jurisdiction where there is no statutory audit requirements.
- (b) No audited financial statements have been prepared for the years ended 31 December 2014, 2015 and 2016 as these companies were incorporated in a jurisdiction where there is no statutory audit requirements.

**27. CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to its stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged throughout the Relevant Periods.

The capital structure of the Group consists of debts, which includes amounts due to shareholders and related companies, net of bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends and new shares issues as well as the issue of new debts.

**28. FINANCIAL INSTRUMENTS****28a. Categories of financial instruments**

	At 31 December			At 31 August	The Company
	2014	2015	2016	2017	At 31 August
	MOP'000	MOP'000	MOP'000	MOP'000	2017
					MOP'000
<b>Financial assets</b>					
Loans and receivables (including bank balances and cash)	253,135	306,744	279,279	359,580	–
<b>Financial liabilities</b>					
Amortised cost	143,300	65,717	65,140	167,123	15,847

**28b. Financial risk management objectives and policies**

The Group's major financial instruments include debtors and deposits, amounts due from shareholders, amounts due from related companies, pledged bank deposits, bank balances and cash, creditors and accrued charges, amounts due to shareholders and amounts due to related companies. Details of these financial instruments are disclosed in the respective notes.

The risks associated with the Group's financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Market risk***Currency risk*

The Group entities 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 services and sales proceeds received from customers that are denominated in currencies other than the group entities' functional currency. The currencies giving rise to this risk are primarily HK\$, US\$ and RMB. The management of the Group considers that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in HK\$ and MOP of each individual group entity and HK\$ is pegged with MOP.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of certain significant foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	<b>Assets</b>			
	<b>At 31 December</b>			<b>At 31 August</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
HK\$	177,440	250,778	164,129	265,030
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>Liabilities</b>			
	<b>At 31 December</b>			<b>At 31 August</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
United States dollars ("US\$")	–	–	6,989	549
Renminbi ("RMB")	1,174	–	–	–
HK\$	71,190	15,098	19,391	35,944
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### *Sensitivity analysis*

For the exposure to the fluctuation in US\$ against MOP, RMB against MOP and HK\$ against MOP, the directors of the Company are of opinion that such exposure is insignificant and no sensitivity analysis is presented.

#### *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank deposits and bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits. The Group currently does not enter into any hedging instrument for cash flow interest rate risk.

The directors of the Company consider that the overall interest rate risk is not significant and no sensitivity analysis is presented.

#### *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 provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position and the amount of contingent liabilities in relation to financial guarantees provided by the Group as disclosed in note 29.

The Group is exposed to concentration of credit risk at 31 December 2014, 2015 and 2016 and 31 August 2017 on trade and retention receivables and trade-nature amounts due from related companies from the Group's top five major customers amounting to MOP86,247,000, MOP115,001,000, MOP48,789,000 and MOP93,169,000, respectively and accounted for 74%, 91%, 53% and 70% of the Group's total trade and retention receivables and trade-nature amounts due from related companies. The major customers of the Group are certain reputable organisations.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds of the Group 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 of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities which 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 table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of each reporting period.

*Liquidity table*

	Weighted average effective interest rate %	Repayable on demand or less than 3 months MOP'000	3 months to 1 year MOP'000	1 – 2 years MOP'000	Total undiscounted cash flows MOP'000	Total carrying amount MOP'000
<b>At 31 December 2014</b>						
<b>Non-derivative financial liabilities</b>						
Creditors and accrued charges	–	116,239	1,653	782	118,674	118,674
Amounts due to related companies	–	24,626	–	–	24,626	24,626
Financial guarantee contracts	–	71,315	–	–	71,315	–
		<u>212,180</u>	<u>1,653</u>	<u>782</u>	<u>214,615</u>	<u>143,300</u>

	Weighted average effective interest rate %	Repayable on demand or less than 3 months MOP'000	3 months to 1 year MOP'000	1 – 2 years MOP'000	Total undiscounted cash flows MOP'000	Total carrying amount MOP'000
<b>At 31 December 2015</b>						
<b>Non-derivative financial liabilities</b>						
Creditors and accrued charges	–	49,497	2,186	228	51,911	51,911
Amounts due to related companies	–	11,753	–	–	11,753	11,753
Amounts due to shareholders	–	2,053	–	–	2,053	2,053
Financial guarantee contracts	–	280,815	–	–	280,815	–
		<u>344,118</u>	<u>2,186</u>	<u>228</u>	<u>346,532</u>	<u>65,717</u>

	Weighted average effective interest rate %	Repayable on demand or less than 3 months MOP'000	3 months to 1 year MOP'000	1 – 2 years MOP'000	Total undiscounted cash flows MOP'000	Total carrying amount MOP'000
<b>At 31 December 2016</b>						
<b>Non-derivative financial liabilities</b>						
Creditors and accrued charges	–	54,452	1,546	–	55,998	55,998
Amounts due to related companies	–	9,142	–	–	9,142	9,142
Financial guarantee contracts	–	279,500	–	–	279,500	–
		<u>343,094</u>	<u>1,546</u>	<u>–</u>	<u>344,640</u>	<u>65,140</u>

	Weighted average effective interest rate %	Repayable on demand or less than 3 months MOP'000	3 months to 1 year MOP'000	1 – 2 years MOP'000	Total undiscounted cash flows MOP'000	Total carrying amount MOP'000
<b>At 31 August 2017</b>						
<b>Non-derivative financial liabilities</b>						
Creditors and accrued charges	–	158,986	748	–	159,734	159,734
Amounts due to related companies	–	2,368	–	–	2,368	2,368
Amounts due to shareholders	–	5,021	–	–	5,021	5,021
Financial guarantee contracts	–	588,500	–	–	588,500	–
		<u>754,875</u>	<u>748</u>	<u>–</u>	<u>755,623</u>	<u>167,123</u>

#### 28c. Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of financial assets and financial liabilities carried at amortised cost approximate their carrying amounts.

#### 29. PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group and its related companies require the group entities, its related parties including the Controlling Shareholders to issue guarantees for the performance of contract works in the form of performance bonds and secured by pledged bank deposits (see note 19), promissory notes and certain properties owned by Mr. Kuok and Ms. Wong Fong Peng (the spouse of Mr. Kuok). The performance bonds are released when the construction contracts are completed or substantially completed.

At the end of each reporting period, the Group and its related companies had outstanding performance bonds as follows:

	At 31 December		At 31 August	
	2014 MOP'000	2015 MOP'000	2016 MOP'000	2017 MOP'000
Issued to the Group by banks	73,108	88,982	105,926	127,244

As at 31 December 2014, 2015 and 2016 and 31 August 2017, the Group has given cross guarantees to banks in respect of credit facilities granted to the EHY, SHY and related companies totalling an aggregated principal amount of MOP71,315,000, MOP280,815,000, MOP279,500,000 and MOP588,500,000, respectively. The banking facilities are secured by and guaranteed by pledged bank deposits (see note 19), promissory notes endorsed by EHY and SHY of an aggregate amount of MOP233,266,000, MOP595,133,000, MOP595,133,000 and MOP965,933,000, respectively, certain properties owned by Mr. Kuok and Ms. Wong Fong Peng and the personal guarantees of the Controlling Shareholders.

The fair value of the financial guarantee contract was determined based on the present value of expected payments when default occurs, where the main assumptions are the probability of default by the specific counterparty and the expected loss, given a default. In the opinion of the management of the Group, the fair value of the financial guarantee contract of the Group is insignificant at initial recognition and the management of the Group considered that the possibility of default of the parties involved was remote. Accordingly, no value has been recognised in the consolidated statement of financial position.

### 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	1 January 2014 MOP'000	Financing cash flow MOP'000 (Note)	31 December 2014 MOP'000
Amounts due to related companies	5,476	(4,757)	719
	719	(719)	–
Amounts due to shareholders	–	2,053	2,053
	719	1,334	2,053
	1 January 2015 MOP'000	Financing cash flow MOP'000 (Note)	31 December 2015 MOP'000
Amounts due to related companies	719	(719)	–
Amounts due to shareholders	–	2,053	2,053
	719	1,334	2,053
	1 January 2016 MOP'000	Financing cash flow MOP'000 (Note)	31 December 2016 MOP'000
Amounts due to shareholders	2,053	(2,053)	–

	<b>1 January 2016</b> <i>MOP'000</i>	<b>Financing cash flow</b> <i>MOP'000</i> (unaudited) <i>(Note)</i>	<b>31 August 2016</b> <i>MOP'000</i> (unaudited)
Amounts due to shareholders	2,053	(2,053)	–

	<b>1 January 2017</b> <i>MOP'000</i>	<b>Financing cash flow</b> <i>MOP'000</i> (Note)	<b>Issued cost accrued</b> <i>MOP'000</i>	<b>31 August 2017</b> <i>MOP'000</i>
Amounts due to related companies	–	2,368	–	2,368
Amounts due to shareholders	–	5,021	–	5,021
Accrued issued costs	–	(2,284)	2,647	363
	–	5,105	2,647	7,752

*Note:* The cash flows make up the net amount of advances from and repayment to shareholders/related companies or issue costs paid in the consolidated statements of cash flows.

### 31. SUBSEQUENT EVENTS

On 28 September 2017, the Group terminated the cross guarantees with a bank in respect of credit facilities granted to the Group and certain related companies with a total principal amount of MOP279,500,000. As a result, the relevant pledged bank deposits, promissory notes of MOP595,133,000, certain secured properties owned by Mr. Kuok and Ms. Wong Fong Peng and the personal guarantees of the Controlling Shareholders were released. On the same day, the Group has been granted new credit facilities by the same bank with a total principal amount of MOP180,000,000. Such credit facilities are secured by the pledged bank deposits, promissory notes of MOP374,000,000 and the personal guarantees of Mr. Sou and Mr. Kuok. The personal guarantees by Mr. Kuok and Mr. Sou will be released before listing of the Company's shares on the Stock Exchange.

On 23 January 2018, written resolutions of all shareholders of the Company were passed to approve the below matters set out in the paragraph headed "Further information about our Group – 3. Resolutions in writing of all Shareholders passed on 23 January 2018" in Appendix V to the Prospectus. It was resolved, among other things:

- (i) the increase in authorised share capital of the Company from HK\$380,000 divided into 38,000,000 share of HK\$0.01 each, to HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each;
- (ii) conditionally upon the share premium account of the Company being credited as a result of the Global Offering (as defined in the Prospectus), the directors of the Company were authorised to capitalise an amount of HK\$9,599,980 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 959,998,000 shares for allotment and issue to the persons whose names appear on the register of members of the Company immediately before the completion of the Global Offering; and
- (iii) the adoption of a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company's shares. No share has been granted since the adoption of the scheme. The principal terms of which are set out in the paragraph headed "Share Option Scheme" in Appendix V to the Prospectus.

### 32. DIRECTORS' EMOLUMENTS

Under the arrangement presently in force, the emoluments of the directors of the Company for the year ended 31 December 2017, excluding discretionary bonus and share options, if any, is estimated to be approximately MOP4,200,000.

### 33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 August 2017.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountants' Report on our financial information for the Track Record Period prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out 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 "Financial information" of this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the proposed Hong Kong public offering and the international placing of the Shares of the Company (the "Global Offering") on the audited consolidated net tangible assets of the Group as if the "Global Offering" had taken place on 31 August 2017.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the net tangible assets of the Group as at 31 August 2017 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible assets of the Group as at 31 August 2017 as shown in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group as at 31 August 2017 <i>MOP'000</i> <i>Note 1</i>	Estimated net proceeds from the Global Offering <i>MOP'000</i> <i>Note 2</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 August 2017 <i>MOP'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 August 2017 per Share <i>MOP</i> <i>Note 3</i>	HK\$ <i>Note 4</i>
Based on a minimum Offer Price of HK\$1.00 per Offer Share	163,982	222,923	386,905	0.32	0.31
Based on a maximum Offer Price of HK\$1.25 per Offer Share	163,982	282,560	446,542	0.37	0.36



*Notes:*

- (1) The amount of audited consolidated net tangible assets of the Group as at 31 August 2017 amounting to approximately MOP163,982,000 is extracted from the Accountants' Report of the Group set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on 240,000,000 New Shares to be issued at a minimum Offer Price of HK\$1.00 per Offer Share or a maximum Offer Price of HK\$1.25 per Offer Share, respectively, assuming no over-allotment option will be exercised, after deduction of the estimated underwriting fees and other related expenses expected to be incurred and borne by the Group subsequent to 31 August 2017. It does not take into account of any shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any shares which may be issued or repurchased by the Company pursuant to the Company's general mandate, as referred to Appendix V to this prospectus. For the purpose of calculating the estimated net proceeds from the Global Offering, the translation of Hong Kong dollars into MOP was made at the rate of HK\$1.00 to MOP1.03. No representation is made that Hong Kong dollars amount have been, could have been or could be converted to MOP, or vice versa, at that rate or at any other rate or at all.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is arrived at on the basis of 1,200,000,000 Shares in total, assuming that the 240,000,000 New Shares to be issued under the Global Offering and the shares to be issued pursuant to the Capitalization Issue had been completed on 31 August 2017, assuming no over-allotment option will be exercised. It does not take into account of any shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any shares which may be issued or repurchased by the Company pursuant to the Company's general mandate, as referred to Appendix V to this prospectus.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share amounts in MOP are converted into Hong Kong dollars at HK\$1.00 = MOP1.03. No representation is made that Hong Kong dollars amount have been, could have been or could be converted to MOP, or vice versa, at that rate or at any other rate or at all.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 August 2017.

**B.    UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE**

The following unaudited pro forma estimated earnings per Share for the year ended 31 December 2017 has been prepared on the basis set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if it had taken place on 1 January 2017. The unaudited pro forma estimated earnings 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 Global Offering.

Estimated consolidated profit attributable to owners of the Company ( <i>Note 1</i> )	not less than MOP55.0 million
---	----------------------------------

Unaudited pro forma estimated earnings per Share for the year ended 31 December 2017 ( <i>Note 2</i> )	not less than MOP0.04
--	--------------------------

*Notes:*

- (1) The bases on which the above profit estimate has been prepared are summarised in Appendix III to this prospectus. The Directors have prepared the estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2017 based on the audited consolidated results for the eight months ended 31 August 2017 and the unaudited consolidated results based on management accounts of the Group for four months ended 31 December 2017.
- (2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated results for the year ended 31 December 2017 attributable to owners of the Company, assuming that a total of 1,200,000,000 Shares had been in issued during the entire year. The calculation of the estimated earnings per Share does not take into account of the Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme.

*The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this prospectus, in respect of the unaudited pro forma financial information of our Group.*

**Deloitte.**

**德勤**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**To the Directors of MECOM Power and Construction Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of MECOM Power and Construction Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 August 2017 and the unaudited pro forma estimate earnings per share for the year ended 31 December 2017 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 1 February 2018 (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 proposed Hong Kong public offering and international placing of the shares of the Company (the “Global Offering”) on the Group’s financial position as at 31 August 2017 and the Group’s estimated earnings per share for the year ended 31 December 2017 as if the Global Offering had taken place at 31 August 2017 and 1 January 2017, 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 2016 and the eight months ended 31 August 2017, on which an accountants’ report set out in Appendix I to the Prospectus has been published and information about the estimate of the consolidated profit of the Group attributable to the owners of the Company for the year ended 31 December 2017, 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 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 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 August 2017 or 1 January 2017 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 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

1 February 2018

---

**APPENDIX III PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2017**

---

*Our estimate of the consolidated profit for the year ended 31 December 2017 is set out in “Financial information – Profit estimate for the year ended 31 December 2017” of this prospectus.*

**(A) PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2017**

Our Directors have prepared the estimate of the consolidated profit of our Group for the year ended 31 December 2017 based on the audited consolidated results of our Group for the eight months ended 31 August 2017 and the unaudited consolidated results based on the management accounts of our Group for four months ended 31 December 2017. The estimate has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our 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 2017**

Estimated consolidated profit attributable to owners of our Company	not less than MOP55.0 million
--	----------------------------------

*Note:* The estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2017 has taken into account of our estimated listing expenses of approximately MOP13.6 million incurred during the year ended 31 December 2017.

**(B) LETTER FROM THE REPORTING ACCOUNTANTS**

*The following is the text of a letter, prepared for the inclusion in this prospectus, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in relation to our Group's profit estimate for the year ended 31 December 2017.*

**Deloitte.**

德勤

1 February 2018

The Board of Directors  
**MECOM Power and Construction Limited**  
Units Q, R and S, 6/F  
Praça Kin Heng Long-Heng Hoi Kuok  
Kin Fu Kuok  
No. 258 Alameda Dr. Carlos D' Assumpção  
Macau

**Innovax Capital Limited**  
Room 2002  
Chinachem Century Tower  
178 Gloucester Road  
Wanchai  
Hong Kong

Dear Sirs,

MECOM Power and Construction Limited (“the Company”)

**Profit Estimate for the Year Ended 31 December 2017**

We refer to the estimate of the consolidated profit of the Company and its subsidiaries (collectively referred to as the “Group”) attributable to owners of the Company for the year ended 31 December 2017 (“the Profit Estimate”) set forth in the section headed “Appendix III – Profit estimate for the year ended 31 December 2017” in the prospectus of the Company dated 1 February 2018 (“the Prospectus”).

**Directors' Responsibilities**

The Profit Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Group for the eight months ended 31 August 2017 and the unaudited consolidated results based on the management accounts of the Group for the four months ended 31 December 2017.

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 of the Company 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 1 February 2018, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,  
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong



**(C) LETTER FROM THE SOLE SPONSOR**

*The following is the text of a letter, prepared for the inclusion in this prospectus, received from Innovax Capital Limited, the Sole Sponsor, in relation to our Group's profit estimate for the year ended 31 December 2017.*



The Directors  
**MECOM Power and Construction Limited**  
Units Q, R and S, 6/F  
Praça Kin Heng Long-Heng Hoi Kuok  
Kin Fu Kuok  
No. 258 Alameda Dr. Carlos D' Assumpção  
Macau

1 February 2018

Dear Sirs,

We refer to the estimate of the consolidated profit of MECOM Power and Construction Limited (the "Company", together with its subsidiaries, hereinafter collectively referred to as the "Group") for the year ended 31 December 2017 (the "Profit Estimate") as set out in the prospectus issued by the Company dated 1 February 2018 (the "Prospectus").

The Profit Estimate, for which the Directors are solely responsible, has been prepared by the Directors, based on the audited consolidated results for the eight months ended 31 August 2017 and the unaudited consolidated results based on the unaudited management accounts of the Group for the four months ended 31 December 2017.

We have discussed with you the bases upon which the Profit Estimate has been made. We have also considered the letter dated 1 February 2018 addressed to you and us from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Profit Estimate has 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, Certified Public Accountants, Hong Kong, 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  
**Innovax Capital Limited**  
**Ip Mun Lam**  
*Director*

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 company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 May 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). The Company’s constitutional documents consist of its Memorandum of Association (the “**Memorandum**”) and its Articles of Association (the “**Articles**”).

## 1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that 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.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

## 2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 23 January 2018 with effect upon Listing. The following is a summary of certain provisions of the Articles:

### (a) Shares

#### (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

#### (ii) *Variation of rights of existing shares or classes of shares*

Subject to the 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 the shares or any class of shares may (unless otherwise provided for by the terms of issue 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. To every such separate general meeting the provisions

of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

***(iii) Alteration of capital***

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

***(iv) Transfer of shares***

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed 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 transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require 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 registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

***(v) Power of the Company to purchase its own shares***

The Company is empowered by the Companies Law and the Articles to 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 requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

***(vi) Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

*(vii) Calls on shares and forfeiture of shares*

The board may from time to time make such calls 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). A call may be made payable either in one lump sum or by installments. 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 twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof 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 monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, 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, notwithstanding, 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 the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(b) Directors***(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to

retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office 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 will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period 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 members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

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 delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time 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 must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

*(ii) Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange 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 are 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 is 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 with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

*(iii) Power to dispose of the assets of the Company or any of its subsidiaries*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, 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 Companies Law to be exercised or done by the Company in general meeting.

*(iv) 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 assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, 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.

*(v) Remuneration*

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be 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 may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making 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 ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.



The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(vi) Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

*(vii) Loans and provision of security for loans to Directors*

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

*(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of 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 therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or 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, profits or other benefits received by him as a director, officer or member of, or from his interest in, 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 thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, 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 or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for 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 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 contract or arrangement concerning an offer of shares or 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 contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

**(c) Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. 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 an additional or casting vote.

**(d) Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(e) Meetings of members*****(i) 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, in the case of such members as 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 in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

***(ii) Voting rights and right to demand a poll***

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting 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 fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its 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 pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

***(iii) Annual general meetings***

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

***(iv) Notices of meetings and business to be conducted***

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is 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 and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address, or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
  - (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
  - (cc) the election of directors in place of those retiring;
  - (dd) the appointment of auditors and other officers;
  - (ee) the fixing of the remuneration of the directors and of the auditors;
  - (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
  - (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.
- (v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

*(vi) Proxies*

Any member of 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 is 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 is 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. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

**(f) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office 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 accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof 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 of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to

compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

**(g) 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.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) 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 shareholders entitled thereto will be entitled to elect to

receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders 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.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their 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 moneys 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.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of 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 or bonuses unclaimed for six years after having been declared may be forfeited by the board and 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.

**(h) Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.



**(i) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(j) 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:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of 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 divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(k) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the 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 a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

### 3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

#### (a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

#### (b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, 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 arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (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) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

**(c) Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that 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. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

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 to the company, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having 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 into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder 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 or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Disposal of assets**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof 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 of the Cayman Islands.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) 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:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 17 May 2017.

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 executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

**(n) Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. 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 members, 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 of the Cayman Islands.

**(o) Register of Directors and Officers**

The Company is required to maintain at its registered office a register of 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 sixty (60) days of any change in such directors or officers.

**(p) Register of Beneficial Ownership**

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The register of beneficial ownership is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the Company is listed on the Stock Exchange, it is not required to maintain a register of beneficial ownership.

**(q) Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court

may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must 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.

As soon as the affairs of the 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 how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

**(r) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(s) Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder 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 shareholders.

**(t) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).



**4. GENERAL**

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to "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 OUR GROUP****1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 8 May 2017 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 26 July 2017. We have established a principal place of business in Hong Kong at Rooms 1909-13, 19/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong. Ms. Tam Wing Yee, the company secretary of our Company, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong with a correspondence address at Rooms 1909-13, 19/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.

As our Company was incorporated in the Cayman Islands, we are subject to the Cayman Companies Law and our constitution comprising the Memorandum and the Articles. A summary of certain provisions of our constitution and relevant aspects of the Cayman Companies Law is set out in Appendix IV to this prospectus.

**2. Changes in the share capital of our Company**

Our authorised share capital as at the date of our incorporation was HK\$380,000 divided into 38,000,000 Shares. On 8 May 2017, one Share was allotted and issued to an initial third party subscriber and such Share was subsequently transferred to MECOM Holding on the same day. On 8 May 2017, 999 Shares were issued and allotted, credited as fully paid, to MECOM Holding.

On 31 May 2017, 500 Shares were allotted, issued and credited as fully paid to MECOM Holding (as directed by Mr. Kuok and Mr. Sou who in their own capacity and in accordance with the instructions of Mr. Lao and Mr. Lam in respect of the 15% of the issued share capital held on trust by Mr. Kuok for Mr. Lao and Mr. Sou for Mr. Lam) to settle the consideration of MOP114,809,864 for the acquisition of the entire share capital of EHY Construction and Engineering. On 31 May 2017, 500 Shares were allotted, issued and credited as fully paid to MECOM Holding (as directed by Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao) to settle the consideration of MOP32,393,744 for the acquisition of the entire share capital of SHY Engineering Construction.

On 2 June 2017, MECOM Holding entered into a sale and purchase agreement with each of King Dragon and One Wesco, pursuant to which MECOM Holding agreed to sell (a) 588 Shares to King Dragon at a consideration of HK\$10,800,000; and (b) 160 Shares to One Wesco at a consideration of HK\$2,938,776.

On 23 January 2018, our Company increased its authorised share capital to HK\$50,000,000 divided into 5,000,000,000 Shares with a par value of HK\$0.01 each by the creation of an additional 4,962,000,000 Shares. We allotted and issued an aggregate of 959,998,000 Shares to our then existing Shareholders pursuant to the Capitalisation Issue.

Immediately following the completion of the Global Offering and the Capitalisation Issue and taking no account any Shares which may be issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$12,000,000 divided into 1,200,000,000 Shares of HK\$0.01 each, all fully paid or credited as fully paid and 3,800,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in “A. Further information about our Group – 3. Resolutions in writing of our Shareholders passed on 23 January 2018” below in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

### **3. Resolutions in writing of our Shareholders passed on 23 January 2018**

- (i) Pursuant to written resolutions of our Shareholders passed on 23 January 2018:
  - (a) we approved and adopted the Memorandum of Association with immediate effect;
  - (b) we approved and conditionally adopted the Articles of Association which will become effective upon Listing;
  - (c) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional 4,962,000,000 Shares of HK\$0.01 each;
  - (d) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Global Offering and the Capitalisation Issue and Shares to be issued as mentioned in this prospectus (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the exercise of the options which may be granted under the Share Option Scheme); (ii) the entering into of the Price Determination Agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders) on the Price Determination Date; (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
    - (i) the Global Offering was approved and our Directors were authorised to allot and issue the new Shares and approve the transfer of the Sale Shares pursuant to the Global Offering;
    - (ii) the Over-allotment Option was approved;
    - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in “D. Other information – 1. Share Option Scheme” below in this

Appendix, were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme; and

- (iv) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, our Directors were authorised to capitalise an amount of HK\$9,599,980 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 959,998,000 Shares, such Shares to be allotted and issued to our Shareholders as at 23 January 2018 on a pro rata basis.
  
- (e) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, Shares not exceeding 20% of the number of issued Shares immediately following the completion of the Global Offering and Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;
  
- (f) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Global Offering and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

- (g) the general unconditional mandate mentioned in paragraph (e) above was extended by the addition to the number of issued Shares which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (f) above.

#### **4. Corporate Reorganisation**

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. Please refer to “History, Reorganisation and corporate structure” of this prospectus for further details on Reorganisation.

#### **5. Changes in share capital of subsidiaries**

Our subsidiaries are referred to in the Accountants’ Report in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountants’ Report and “History, Reorganisation and corporate structure” of this prospectus, our Company has no other subsidiaries.

Save as disclosed in this prospectus, there are no changes in share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

#### **6. Repurchases of our Shares**

##### *(a) Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

##### *(i) Shareholders’ approval*

All proposed repurchases of Shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

*Note:* Pursuant to resolution passed by our Shareholders on 23 January 2018, a general unconditional mandate (the “**Buyback Mandate**”) was granted to our Directors authorising the repurchase of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

It is presently proposed that any repurchase of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the repurchase and, in the case of any premium payable on the purchase, out of either or both of the profits of our Company or the share premium account of our Company. Subject to the Cayman Companies Law, a repurchase of Shares may also be made out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) *Share capital*

Exercise in full of the Buyback Mandate, on the basis of 1,200,000,000 Shares in issue immediately after the Listing (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), could accordingly result in up to 120,000,000 Shares being repurchased by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;

- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) *General*

None of our Directors nor, to the best of their knowledge, information and belief, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No core connected person (as defined in the Listing Rules) has notified us that it/he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, such 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, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering and the Capitalisation Issue (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 120,000,000 Shares, being 10% of the number of Shares in issue based on the aforesaid assumptions. The total percentage shareholding of our Controlling Shareholders will be increased to approximately 55.64% of the number of Shares in issue immediately following the full exercise of the Buyback Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

**B. INFORMATION ABOUT OUR BUSINESS****1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus that are or may be material:

- (a) the share transfer agreement dated 31 May 2017 and entered into between Mr. Sou, Mr. Kuok, Ms. Chan Ka Lai, Ms. Wong Fong Peng, MECOM EHY and EHY Construction and Engineering, pursuant to which (i) MECOM EHY acquired one share of MOP20,000 in EHY Construction and Engineering from Mr. Sou and Ms. Chan Ka Lai at a consideration of MOP57,404,932.00, which was settled by our Company issuing 250 Shares to MECOM Holding (as directed by Mr. Sou); and (ii) MECOM EHY acquired one share of MOP20,000 in EHY Construction and Engineering from Mr. Kuok and Ms. Wong Fong Peng at a consideration of MOP57,404,932.00, which was settled by our Company issuing 250 Shares to MECOM Holding (as directed by Mr. Kuok);
- (b) the share transfer agreement dated 31 May 2017 and entered into between, Mr. Kuok, Mr. Sou, Mr. Lam, Mr. Lao, Ms. Wong Fong Peng, Ms. Chan Ka Lai, Ms. Tam Cho Veng and MECOM Sun Hung Yip, pursuant to which (i) MECOM Sun Hung Yip acquired one share of MOP17,500 in SHY Engineering Construction from Mr. Kuok and Ms. Wong Fong Peng at a consideration of MOP11,337,810.40, which was settled by our Company issuing 175 Shares to MECOM Holding (as directed by Mr. Kuok); (ii) MECOM Sun Hung Yip acquired one share of MOP17,500 in SHY Engineering Construction from Mr. Sou and Ms. Chan Ka Lai at a consideration of MOP11,337,810.40, which was settled by our Company issuing 175 Shares to MECOM Holding (as directed by Mr. Sou); (iii) MECOM Sun Hung Yip acquired one share of MOP7,500 in SHY Engineering Construction from Mr. Lam at a consideration of MOP4,859,061.60, which was settled by our Company issuing 75 Shares to MECOM Holding (as directed by Mr. Lam); and (iv) MECOM Sun Hung Yip acquired one share of MOP7,500 in SHY Engineering Construction from Mr. Lao and Ms. Tam Cho Veng at a consideration of MOP4,859,061.60, which was settled by our Company issuing 75 Shares to MECOM Holding (as directed by Mr. Lao);
- (c) the cornerstone investment agreement dated 17 January 2018 and entered into between our Company, Gain Asset Management Limited and the Joint Global Coordinators, pursuant to which Gain Asset Management Limited agreed to acquire the maximum number of Shares that may be purchased with HK\$65,000,000 at the Offer Price, rounded down to the nearest board lot of Shares;
- (d) the cornerstone investment agreement dated 22 January 2018 and entered into between our Company, Mr. Deng Jian Jun and the Joint Global Coordinators, pursuant to which Mr. Deng Jian Jun agreed to acquire the maximum number of Shares that may be purchased with HK\$38,000,000 at the Offer Price, rounded down to the nearest board lot of Shares;
- (e) the cornerstone investment agreement dated 22 January 2018 and entered into between our Company, Mr. David Kwan and the Joint Global Coordinators, pursuant to which Mr. David Kwan agreed to acquire the maximum number of Shares that may be purchased with HK\$20,000,000 at the Offer Price, rounded down to the nearest board lot of Shares;












- (f) the Deed of Indemnity;
- (g) the Deed of Non-Competition; and
- (h) the Hong Kong Underwriting Agreement.



## 2. Intellectual Property Rights of Our Group

### (a) Trademarks

As as the Latest Practicable Date, our Group was the registered owner of the following trademarks which, in the opinion of our Directors, are material to our business:

Trademark	Registration Number	Class	Name of Registered Owner	Place of Registration	Date of Registration	Expiry Date
(A) 	302996452	37	EHY Construction and Engineering	Hong Kong	15 May 2014	14 May 2024
(B) 						
(A) 	303016377	16	EHY Construction and Engineering	Hong Kong	3 June 2014	2 June 2024
(B) 						
	N/87655(839)	37	EHY Construction and Engineering	Macau	10 December 2014	10 December 2021
(A) 	304117077	37	EHY Construction and Engineering	Hong Kong	21 April 2017	20 April 2027
(B) 						
	N/123419(152)	37	EHY Construction and Engineering	Macau	25 October 2017	25 October 2024
	N/123420(346)	37	EHY Construction and Engineering	Macau	25 October 2017	25 October 2024

As at the Latest Practicable Date, our Group had applied for the registration of the following trademarks:

<u>Trademark</u>	<u>Application Number</u>	<u>Class</u>	<u>Name of Applicant</u>	<u>Place of Application</u>	<u>Date of Application</u>
	24317981	37	EHY Construction and Engineering	PRC	25 May 2017
	24317985	37	EHY Construction and Engineering	PRC	25 May 2017

*(b) Domain names*

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names which, in the opinion of our Directors, are material to our business:

<u>Domain name</u>	<u>Name of Registered Proprietor</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
www.mecommacau.com	our Company	4 July 2017	4 July 2022
www.mecommacao.com	our Company	4 July 2017	4 July 2022

**C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

**1. Directors**

*(a) Disclosure of Interests – Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations*

Immediately following completion of the Global Offering and the Capitalisation Issue and assuming that the Over-allotment Option is not exercised and without taking into account Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the interests or short positions of our Directors or chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to

therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules to be notified to our Company and the Stock Exchange, once our Shares are listed will be as follows:

(i) *Interest in our Company*

<u>Name of Shareholder</u>	<u>Nature of Interest</u>	<u>Number of Shares<sup>(1)</sup></u>	<u>Approximate percentage of shareholding interest</u>
Mr. Kuok <sup>(Note 2)</sup>	Parties acting in concert and interest of the controlled corporation	600,960,000 (L)	50.08%
Mr. Sou <sup>(Note 2)</sup>	Parties acting in concert and interest of the controlled corporation	600,960,000 (L)	50.08%

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) MECOM Holding is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam and 15% by Mr. Lao, respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.

(ii) *Interest in association corporations of our Company*

<u>Name</u>	<u>Name of associated corporations</u>	<u>Nature of Interest</u>	<u>Interest in Shares</u>	<u>Percentage holding</u>
Mr. Kuok <sup>(Note)</sup>	MECOM Holding	Beneficial owner and parties acting in concert	100	100%
Mr. Sou <sup>(Note)</sup>	MECOM Holding	Beneficial owner and parties acting in concert	100	100%

*Note:* MECOM Holding is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam and 15% by Mr. Lao, respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.

*(b) Particulars of service contracts*

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years with effect from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

*(c) Directors' remuneration*

Each of our executive Directors is entitled to a remuneration and shall be paid on the basis of a twelve-month year. The annual remuneration (including fees, salaries, contributions to pension schemes, allowances, other benefits in kind) of our executive Directors for the year ended 31 December 2016 was nil. The monthly salaries of Mr. Kuok and Mr. Sou provided under their service contracts will be MOP350,000 and MOP350,000, respectively.

Our independent non-executive Directors have been appointed for a term of three years. We intend to pay a director's fee of HK\$156,000 per annum to each of the independent non-executive Directors, namely, Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Dr. Ngan Matthew Man Wong.

Under the arrangement currently in force, the aggregate remuneration (including salaries, contributions to pension scheme, and other allowances and benefit in kind) of our Directors for the year ended 31 December 2017 and the year ending 31 December 2018 is estimated to be no more than MOP5.0 million and MOP9.0 million, respectively.

Further details of the terms of the abovementioned service contracts are set out in "C. Further information about Directors and substantial Shareholders – 1. Directors – (b) Particulars of service contracts" above in this Appendix.

## 2. Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalisation Issue assuming that the Over-allotment Option is not exercised and taking no account of any Shares that may be issued pursuant to the exercise of options which were granted under the Share Option Scheme, the following persons (other than our Directors and chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of interest in our Company immediately following the completion of the Global Offering and the Capitalisation Issue
Mr. Lam <sup>(Note 2)</sup>	Parties acting in concert and interest of the controlled corporation	600,960,000 (L)	50.08%
Mr. Lao <sup>(Note 2)</sup>	Parties acting in concert and interest of the controlled corporation	600,960,000 (L)	50.08%
MECOM Holding	Beneficial owner	600,960,000 (L)	50.08%
Mr. Ho <sup>(Note 3)</sup>	Interest of the controlled corporation	240,000,000 (L)	20.0%
King Dragon	Beneficial owner	240,000,000 (L)	20.0%

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) MECOM Holding is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam and 15% by Mr. Lao, respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.
- (3) King Dragon is beneficially and wholly-owned by Mr. Ho. By virtue of the SFO, Mr. Ho is deemed to be interested in the Shares held by King Dragon.

## 3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

#### 4. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executives of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules upon Listing once the Shares are listed;
- (b) none of our Directors or experts referred to under the paragraph headed “D. Other information – 8. Qualification of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;
- (f) none of the experts referred to under the paragraph headed “D. Other information – 8. Qualification of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) so far as is known to our Directors as at the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the number of Shares in issue has any interests in the five largest customers or the five largest suppliers of our Group.

**D. OTHER INFORMATION****1. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 23 January 2018.

**(a) Purpose**

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

**(b) Who may join**

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

*(c) Acceptance of an offer of Options*

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the Grantee certificates in respect of our Shares so allotted.

The exercise of any Option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

*(d) Maximum number of Shares*

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following



completion of the Global Offering, being 120,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the number of Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the number of Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

***(e) Maximum number of options to any one individual***

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:
  - (aa) the Eligible Participant's name, address and occupation;
  - (bb) the date on which an Option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
  - (cc) the date upon which an offer for an Option must be accepted;
  - (dd) the date upon which an Option is deemed to be granted and accepted in accordance with paragraph (c);
  - (ee) the number of Shares in respect of which the Option is offered;
  - (ff) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the Option;
  - (gg) the date of the notice given by the grantee in respect of the exercise of the Option; and
  - (hh) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

**(f) *Price of Shares***

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

*(g) Granting options to connected persons*

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options 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% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

***(h) Restrictions on the times of grant of Options***

A grant of options shall not be made after a price sensitive event has occurred or after inside information has come to the knowledge of our Company until it has been published pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of its annual results or half-year, or quarterly or other interim period (whether or not required under the Listing Rules)

and ending on the date of actual publication of the results announcement, and where an option is granted to a Director:

- (iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

***(i) Rights are personal to grantee***

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

***(j) Time of exercise of Option and duration of the Share Option Scheme***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save

that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

***(k) Performance target***

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

***(l) Rights on ceasing employment or death***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries:

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

***(m) Rights on dismissal***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of our Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, or has been convicted of any criminal offence involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

***(n) Rights on takeover***

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

*(o) Rights on winding-up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

*(p) Rights on compromise or arrangement between our Company and its members or creditors*

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

*(q) Ranking of Shares*

Our Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank carry the same right in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

*(r) Effect of alterations to capital*

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approval independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrations and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

*(s) Expiry of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);

- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty, or in relation to an employee of our Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

***(t) Alteration of the Share Option Scheme***

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

***(u) Cancellation of Options***

Subject to paragraph (i) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph (m).



(v) *Termination of the Share Option Scheme*

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered 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 prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) *Administration of the Board*

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) *Condition of the Share Option Scheme*

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;
- (iii) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within two calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) *Disclosure in annual and interim reports*

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(z) *Present status of the Share Option Scheme*

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 120,000,000 Shares in total.

## **2. Tax and other indemnities**

Our Controlling Shareholders have entered into a deed of indemnity in favour of our Company (for ourselves and as trustee for our subsidiaries) (being the contract referred to in item (f) of “B. Information about our business – 1. Summary of material contracts” above) to provide indemnities on a joint and several basis in respect of, among other matters, estate duty, taxation resulting from income, profits or gains earned, accrued or received as well as any claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

## **3. Litigation**

As at the Latest Practicable Date, we were not aware of any litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

## **4. Sole Sponsor**

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor’s fees are HK\$4.5 million and are payable by our Company.

**5. Preliminary expenses**

The preliminary expenses incurred and paid by our Company were approximately US\$7,060.

**6. Promoter**

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

**7. Taxation of holders of Shares*****(a) Hong Kong***

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability or estate duty under the laws of Macau or Hong Kong would be likely to fall upon any member of our Group.

***(b) Cayman Islands***

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares save for those which hold interests in land in the Cayman Islands.

***(c) Consultation with professional advisers***

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications or subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

**8. Qualification of experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<b>Name</b>	<b>Qualifications</b>
Innovax Capital Limited	a corporation licensed to carry on for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
MdME   Lawyers   Private Notary	Legal advisers to our Company as to Macau law
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Frost & Sullivan Limited	Industry consultant

**9. Consents of experts**

Each of the experts named in paragraph 8 of this Appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

**10. Interests of experts in our Company**

None of the persons named in paragraph 8 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

**11. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**12. Particulars of the Selling Shareholders**

The particulars of the Selling Shareholders are set out as follows:

- (a) Name : King Dragon Ventures Limited
- Description: : Corporation
- Registered Address : P.O. Box 957, Incorporations Centre, Road Town, Tortola, British Virgin Islands
- Nature of business : Investment holding
- Number of Sale Shares to be sold : 42,240,000
- (b) Name : One Wesco Inc.
- Description: : Corporation
- Registered Address : Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
- Nature of business : Investment holding
- Number of Sale Shares to be sold : 17,760,000

**13. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
- (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
- (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

- (b) save as disclosed in the prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 August 2017 (being the date which the latest audited consolidated financial information of our Group were made up);
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (e) the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (f) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (g) our Directors have been advised that under Cayman Islands law the use of a Chinese name by our Company in conjunction of our English name does not contravene Cayman Islands law; and
- (h) save as disclosed in this prospectus, our Company has no outstanding convertible debt securities or debentures.

#### **14. Exemption from requirement of a property valuation report**

As no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our consolidated total assets, this prospectus is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings, in reliance under section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

#### **15. Bilingual prospectus**

The English and Chinese language versions 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 Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

---

**APPENDIX VI      DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES  
IN HONG KONG AND AVAILABLE FOR INSPECTION**

---

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in “D. Other information – 9. Consents of experts” in Appendix V to this prospectus;
- (c) a copy of each of the material contracts referred to in “B. Information about our business – 1. Summary of material contracts” in Appendix V to this prospectus; and
- (d) a statement of the particulars of the Selling Shareholders.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, 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 amended and restated Memorandum and Articles of Association;
- (b) the Accountants’ Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (c) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the three years ended 31 December 2014, 2015 and 2016 and the eight months ended 31 August 2017;
- (e) the letters relating to the profit estimate received from Deloitte Touche Tohmatsu and the Sole Sponsor, the text of which are set out in Appendix III to this prospectus;
- (f) the letter of advice from Conyers Dill & Pearman, our Cayman Islands legal advisers, summarising certain aspects of the company law of the Cayman Islands referred to in Appendix IV to this prospectus;
- (g) the Cayman Companies Law;
- (h) the legal opinions issued by MdME | Lawyers | Private Notary, our Macau legal advisers in respect of our Group’s business operations and property interests in Macau;

---

**APPENDIX VI    DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES  
IN HONG KONG AND AVAILABLE FOR INSPECTION**

---

- (i) the material contracts referred to in “B. Information about our business – 1. Summary of material contracts” in Appendix V to this prospectus;
- (j) the service agreements and letters of appointment with each of the Directors referred to in “C. Further information about Directors and substantial Shareholders – 1. Directors – (b) Particulars of service contracts” in Appendix V to this prospectus;
- (k) the written consents referred to in “D. Other information – 9. Consents of experts” in Appendix V to this prospectus;
- (l) the rules of the Share Option Scheme;
- (m) the Industry Report;
- (n) a statement of the particulars of the Selling Shareholders; and
- (o) the opinions on market rent issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited in respect of the office premises and the warehouse premises leased by our Group in Macau.





澳能建設控股有限公司  
MECOM Power and Construction Limited