Nga Chun Holdings Company Limited
雅駿控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 1462

PLACING AND PUBLIC OFFER

Sponsor

AmCap
Ample Capital Limited
豐盛融資有限公司

Joint Lead Managers and Bookrunners

AmCap
Ample Orient Capital Limited

Convoy Investment Services Limited
康宏証券投資服務有限公司

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

NGA CHUN HOLDINGS COMPANY LIMITED
雅駿控股有限公司

(incorporated in the Cayman Islands with limited liability)

PLACING AND PUBLIC OFFER

Number of Offer Shares	**:**	**100,000,000 Shares (subject to the Offer Size Adjustment Option)**
Number of Public Offer Shares	**:**	**10,000,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**90,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)**
Offer Price	**:**	**Not more than HK$1.10 per Offer Share and expected to be not less than HK$0.70 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.003% 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	**:**	**1462**

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

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

The Offer Price is expected to be determined by agreement between us and AOCL (acting for itself and on behalf of the Underwriters) on or before 8:00 p.m. on Wednesday, 8 October 2014. The Offer Price will be not more than HK$1.10 per Offer Share and is currently expected to be not less than HK$0.70 per Offer Share, unless otherwise announced. Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK$1.10 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$1.10 per Offer Share.

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

If, for any reason, the Offer Price is not agreed between us and AOCL (acting for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Thursday, 9 October 2014, the Share Offer will not proceed and will lapse.

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

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

No information on any website forms part of this prospectus.

30 September 2014

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

2014

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2]	11:30 a.m. on Tuesday, 7 October
Application lists of the Public Offer open[3]	11:45 a.m. on Tuesday, 7 October
Latest time to lodge **WHITE** and **YELLOW** Application Forms[3] and to give electronic application instruction to HKSCC	12:00 noon on Tuesday, 7 October
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, 7 October
Application lists of the Public Offer close[3]	12:00 noon on Tuesday, 7 October
Expected Price Determination Date[4]	Wednesday, 8 October
Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer, the basis of allocation of the Public Offer Shares to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company at **www.ngachun.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Wednesday, 15 October
Results of allocations in the Public Offer (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels (see the section headed "How to Apply for Public Offer Shares — 11. Publication of Results" in this prospectus) from	Wednesday, 15 October
Results of allocations in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID Number/Business Registration Number" function from	Wednesday, 15 October
Despatch/Collection of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before[5][6]	Wednesday, 15 October

2014

Despatch/Collection of refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before[5]	Wednesday, 15 October
Despatch of **HK eIPO White Form** e-Auto Refund payment instructions and refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Public Offer on or before[5]	Wednesday, 15 October
Dealings in Shares on the Stock Exchange expected to commence on	Thursday, 16 October

Notes:

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

2. You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 7 October 2014, the application lists will not open on that day. For further information please refer to the section headed "How to Apply for Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

4. The Offer Price is expected to be determined by agreement between us and AOCL (acting for itself and on behalf of the Underwriters) on or before 8:00 p.m. on Wednesday, 8 October 2014. The Offer Price will be not more than HK$1.10 per Offer Share and is currently expected to be not less than HK$0.70 per Offer Share, unless otherwise announced. Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK$1.10 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$1.10 per Offer Share.

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

   If, for any reason, the Offer Price is not agreed between us and AOCL (acting for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Thursday, 9 October 2014, the Share Offer will not proceed and will lapse.

5. Applicants who apply with **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares under the Public Offer and have provided all information required by their Application Forms, they may collect their refund cheques and share certificates (as applicable) in person from our Hong Kong Branch Share Registrar, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 15 October 2014. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to our Hong Kong Branch Share Registrar.

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

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

6. Share certificates for the Offer Shares are expected to be issued on Wednesday, 15 October 2014 but will only become valid certificates of title provided that the Share Offer becomes unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms before 8:00 a.m. on the Listing Date.

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

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

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IMPORTANT NOTICE TO INVESTORS

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

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

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

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

BUSINESS MODEL

We are principally engaged in the provision of Building Services *(note)* in Hong Kong. We had undertaken more than 90 Building Services engineering projects, including one-off and retainer projects, during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, we had over 60 one-off projects in progress and retainer projects with contract period ending later than the Latest Practicable Date, with a total estimated outstanding contract sum and work order value of approximately HK$1,211.3 million. Further details of our projects are set out in the section headed "Business — Our engineering projects" in this prospectus. According to the Ipsos Report, we are one of the five largest Building Services companies in Hong Kong and have a market share of approximately 2.2% in terms of revenue in 2013. Our business is undertaken by our operating subsidiary, Fungs E & M, a Building Services engineering specialist in various building works in both public and private sectors in Hong Kong.

Our services

The engineering works undertaken by us are mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works. In executing a project, we principally participate in the design of Building Services systems, sourcing of appropriate materials and components, subcontracting and supervising installation works and system testing for our customers. We undertake engineering projects in both public and private sectors, which are mainly building related projects including (i) new building development; and (ii) existing building renovation. For the years ended 31 March 2012, 2013 and 2014, all of our revenues were derived in Hong Kong.

Note: Building Services refer to the types of building related engineering works in relation to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works.

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

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
— Private sector	46,311	104,775	127,460
— Public sector	293,233	319,636	454,034
	339,544	424,411	581,494

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
— One-off projects	113,613	174,858	259,552
— Retainer projects	225,931	249,553	321,942
	339,544	424,411	581,494

For further details of our Building Services and financial information, please refer to the sections headed "Business" and "Financial Information" in this prospectus.

Sales and marketing

The Building Services engineering projects undertaken by us are normally contracted to us by way of Restricted Tender from our customers who are mainly the Main Contractors in Hong Kong. Our Directors confirmed that invitations from our customers are sent to a limited number of contractors who are on their list of approved contractors under the Restricted Tender arrangement and such arrangement is in line with the common industry practice. Invitations mainly come from word-of-mouth, reputation and established track record rather than advertising and promotion. We also approach prospective customers from time to time showing our interest for being one of their approved contractors by introducing our background, industry experience and financial position.

Customers

Our customers, who are mainly the Main Contractors of the construction industry in Hong Kong, contract the Building Services engineering works to us on a project-to-project basis. The Main Contractors, either engaged by the relevant government departments in the public sector or by property developers/owners in the private sector, are normally responsible for (i) overseeing the progress of the whole construction or building renovation project; (ii) subcontracting different work tasks (such as electrical and air-conditioning installations) of the project to subcontractors; and (iii) supervising subcontractors for

handling the delegated jobs. During the years ended 31 March 2012, 2013 and 2014, our five largest customers accounted for approximately 86.7%, 86.3% and 84.8% of our revenue, respectively; and our largest customer accounted for approximately 51.7%, 44.3% and 47.7% of our revenue, respectively. For further details of our major customers' profile, please refer to the section headed "Business — Sales and marketing and customers — Major customers" in this prospectus.

Suppliers

As at 31 March 2014, there were approximately 320 suppliers on our list of approved suppliers. Generally, unless our customers specify, we select our suppliers from our list of approved suppliers based on their prices, quality, past performances and capacity. None of our suppliers has entered into long-term supply agreement with us. Generally, we order materials approximately two weeks in advance based on each project's progress and confirm the order approximately seven days prior to delivery. Our largest supplier accounted for approximately 14.9%, 19.3% and 24.3% of our total material costs for the years ended 31 March 2012, 2013 and 2014, respectively; and our five largest suppliers accounted for approximately 44.0%, 51.3% and 50.7% of our total material costs for the years ended 31 March 2012, 2013 and 2014, respectively. For further details of our major suppliers' profile, please refer to the section headed "Business — Suppliers" in this prospectus.

Subcontractors

As a general industry practice confirmed by our Directors, it is common for contractors at our tier to focus on business activities including project review, system design, co-ordination, project management and other supervisory work and minimise overhead costs through subcontracting physical installation works to internally approved subcontractors by entering into separate subcontracts with them. We maintain a list of approved subcontractors who are assessed and approved by us. We will select subcontractors from our approved subcontractors list based on their previous experience, skills, present work load, price quotations and historical quality. For further details of our major subcontractors, please refer to the section headed "Business — Subcontractors" in this prospectus.

The categories of our specialist works on the Specialist List

Category	Group	Authorised contract sum
Air-conditioning Installation	II (Probationary)	Eligible for the award of any number of Group I contracts/subcontracts; and a maximum of two Group II contracts/subcontracts provided that the total value of Group II works does not exceed HK$20 million *(Note 1)*
Electrical Installation	III (Confirmed)	Contracts/subcontracts of unlimited value
Fire Service Installation	I (Confirmed)	Contracts/subcontracts of up to HK$2.3 million

Notes:

1. The Group obtained a probationary Group II licence as Approved Suppliers of Materials and Specialist Contractors for Public Works on air-conditioning installation from the Development Bureau in July 2013. Our Directors are of the view that our Group needs time to fulfill the requirements set out in the section headed "Laws and Regulations — Hong Kong laws — III. Contractor Licensing/Registration Regime" in this prospectus before applying for the "confirmed" status of the Group II licence.

2. There is no maximum authorised contract sum and limitation for our other major licenses.

COMPETITIVE STRENGTHS

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

- experienced management and professional project management teams;
- multi-design capability and diversified technical knowledge;
- long-term relationships with some of our major customers;
- our extensive network with our major suppliers and subcontractors;
- stringent quality control and commitment to high safety standard and environmental management; and
- long-term history and good reputation with a proven track record developed in the Building Services industry.

BUSINESS STRATEGIES

We plan to expand our scale by continuing to upgrade our computer system and design software and to hire more engineering staff. In this regard, we expect 30 additional staff, including project managers and experienced engineering staff, to be hired by the year ending 31 March 2018. Our existing computer equipment and software will be upgraded from time to time in the next three to five years with an aim to enhance our Group's design capability. Our Directors believe that by expanding our scale of operation, we will be able to (i) participate in larger Building Services engineering projects; (ii) broaden our customer base by meeting the pre-qualifications set by potential customers to be their approved contractors; and (iii) have additional manpower to further strengthen our quality assurance.

FINANCIAL INFORMATION

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

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	339,544	424,411	581,494
Gross profit	43,814	61,832	74,994
Profit and total comprehensive income for the year	24,911	40,691	45,278

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Total current assets	118,297	140,836	212,596
Total current liabilities	68,901	104,167	144,365
Net current assets	49,396	36,669	68,231
Net assets	53,536	94,227	139,505
Total assets	122,759	198,715	284,046

Key financial ratios

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

	As at/For the year ended 31 March		
	2012	**2013**	**2014**
Gross profit margin	12.9%	14.6%	12.9%
Net profit margin before interest and tax	8.8%	11.5%	9.7%
Current ratio	1.72 times	1.35 times	1.47 times
Gearing ratio	N/A	26.1%	41.5%
Debt to equity ratio	N/A	1.8%	N/A
Interest coverage	N/A	595.9 times	101.0 times
Return on total assets	20.3%	20.5%	15.9%
Return on equity	46.5%	43.2%	32.5%
Net profit margin	7.3%	9.6%	7.8%
Contract receivables turnover days	17.5 days	25.9 days	22.9 days
Trade payable turnover days	48.5 days	32.6 days	20.7 days

Breakdown of our contract costs during the Track Record Period

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

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Subcontracting fees	181,936	261,149	303,751
Material costs	74,765	99,338	128,499
Staff costs	16,938	20,182	25,835
Others	6,502	12,787	16,170
Actual contract costs	280,141	393,456	474,255
Add: Net movement of gross amount due from customers and accrual of costs for contract works	15,589	(30,877)	32,245
Contract costs	295,730	362,579	506,500

Revenue growth

Our revenue increased by approximately 25.0% from approximately HK$339.5 million for the year ended 31 March 2012 to approximately HK$424.4 million for the year ended 31 March 2013, and by approximately 37.0% from approximately HK$424.4 million for the

year ended 31 March 2013 to approximately HK$581.5 million for the year ended 31 March 2014, as a result of the increase in number and scale of Building Services engineering projects undertaken by us over the Track Record Period.

Other expenses and impairment

During the year ended 31 March 2012, our Group advanced HK$11.2 million to Able E & M which was then advanced to an independent third party contractor for the execution of a project. An impairment of HK$5.5 million was recognised by our Group after assessing the financial position of Able E & M as at 31 March 2014. After the Track Record Period, the shareholders of Able E & M (which include our Controlling Shareholders) have agreed to provide funding of HK$5.5 million to Able E & M so that it would repay the outstanding amount of HK$5.5 million to our Group before Listing as Able E & M did not have the ability to repay on its own. The impairment will be reversed in the year ending 31 March 2015. Our Directors confirmed that the reversal of HK$5.5 million impairment for the year ending 31 March 2015, which is only an accounting treatment for reversing an impairment historically recognised during the Track Record Period, does not represent an income generated from the normal course of business of our Group.

Gross profit margin

Our gross profit margin remained stable at approximately 12.9% for the years ended 31 March 2012 and 2014, while a slight increase in our gross profit margin to approximately 14.6% for the year ended 31 March 2013 was mainly attributable to (i) Project 25, a retainer project which had a higher gross profit margin of over 20% as compared to our overall gross profit margin of approximately 14.6% for the year ended 31 March 2013; and (ii) Project 02, a one-off project with higher variation orders value which caused it having a relatively high gross profit margin of over 20% for the year ended 31 March 2013. The following tables set forth breakdowns of our gross profit and gross profit margin by sector and project type during the Track Record Period:

	Year ended 31 March					
	2012		2013		2014	
	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin
	HK$'000		*HK$'000*		*HK$'000*	
— Private sector	3,030	6.5%	8,629	8.2%	16,503	12.9%
— Public sector	40,784	13.9%	53,203	16.6%	58,491	12.9%
	43,814		61,832		74,994	

	Year ended 31 March					
	2012		2013		2014	
	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin
	HK$'000		*HK$'000*		*HK$'000*	
— One-off projects	9,501	8.4%	21,169	12.1%	22,718	8.8%
— Retainer projects	34,313	15.2%	40,663	16.3%	52,276	16.2%
	43,814		61,832		74,994	

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

RECENT DEVELOPMENT

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

Based on our Group's unaudited management accounts, our revenue for the four months ended 31 July 2014 increased on a period-to-period basis due to the significant completion of Project 11 (details of which are set out in the section headed "Business — Our engineering projects" in this prospectus) during the four months ended 31 July 2014. Our gross profit margin for the four months ended 31 July 2014 was comparable to our gross profit margin over the Track Record Period.

Our Group has entered into a provisional agreement for sale and purchase on 13 August 2014 to acquire a unit with gross area of approximately 970 sq.ft. located at Unit H5, 11/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong. The unit is in the same building of our existing workshop unit in Hong Kong. Our Directors confirmed that the unit will be used for our Group's general office use. Pursuant to the provisional agreement for sale and purchase, the purchase price of the unit shall be HK$4.13 million and the balance of purchase price shall be paid upon completion on or around 30 September 2014.

Save for the professional fees of approximately HK$16.3 million estimated to be incurred in connection with the Listing and the abovementioned acquisition of a workshop unit, which will be recorded in our consolidated financial statements for the year ending 31 March 2015, our Directors confirmed that there has been no material adverse change in the operation, financial or trading position, or prospects of our Group since 31 March 2014 (being the date to which the latest audited combined financial statements of our Group were prepared) and up to the date of this prospectus, and there is no event since 31 March 2014 and up to the date of this prospectus which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

CONTROLLING SHAREHOLDERS

Team Great, Globetrade, Profit Chain, Mr. Fung, Mr. Ngai and Vantage are our Controlling Shareholders for the purposes of the Listing Rules.

Relationship with Vantage Group

As at the Latest Practicable Date, there were ten existing contracts entered into between our Group and the relevant subsidiaries of Vantage (the "**Vantage Contracts**") which are expected to continue after Listing and the total estimated contract sum and work orders value under the Vantage Contracts amounted to approximately HK$426.8 million.

The revenue generated from Vantage Group amounted to approximately HK$10.5 million, HK$49.6 million and HK$69.7 million for the years ended 31 March 2012, 2013 and 2014, respectively, representing approximately 3.1%, 11.7% and 12.0% of the total revenue of our Group during the same periods, respectively.

Vantage is a company listed on the Main Board (stock code: 15) and Excel Engineering Company Limited is a wholly owned subsidiary of Excel Development (Holdings) Limited, a company listed on the Main Board (stock code: 1372). Excel Development (Holdings) Limited is an indirect subsidiary of Vantage. Although Vantage Group is qualified to undertake electrical installation works in the private sector under its registered electrical contractor qualification issued by EMSD which may have potential competition with our Group, our Directors are of the view that there exists adequate service distinction and delineation between targeted markets to delineate our Building Services, and there should not be any direct or material competition between Vantage Group and our Group. Please refer to the section headed "Relationships with Controlling Shareholders — Potential competition with our Controlling Shareholders" of this prospectus for details.

Relationship with Lanon Group

To the best knowledge of our Directors and as confirmed by Mr. Ngai, Mr. Ngai's son, Mr. Ngai Wing Yin, aged 28, is beneficially interested in 78% of the issued share capital of Lanon Holdings Limited ("**Lanon Holdings**") the wholly-owned subsidiaries of which include Lanon Development Limited and Lanon Building Limited.

As at the Latest Practicable Date, there were four existing contracts entered into between our Group and the relevant subsidiaries of Lanon Holdings (the "**Lanon Contracts**") which are expected to continue after Listing and the total estimated contract sum and work orders value under the Lanon Contracts amounted to approximately HK$288.5 million.

The revenue generated from Lanon Group only amounted to approximately nil, HK$0.2 million and HK$56.2 million of our Group for each of the years ended 31 March 2012, 2013 and 2014, respectively, representing approximately nil, 0.1% and 9.7% of the total revenue of our Group during the same periods, respectively.

Reliance on Vantage Group and Lanon Group

Our Directors are of the view that our Group does not overly rely on Vantage Group and Lanon Group because (i) there is a mutual business dependency and benefit between us and both Vantage Group and Lanon Group, for instance, our Directors believe that our previous job references in handling other projects also give business advantage to them in engaging us in performing the Building Services engineering works; (ii) we also cooperated with other customers who are Independent Third Parties during the Track Record Period; and (iii) we have been actively tendering for projects from new customers. In the event that any of them substantially reduces the number of contracts placed with us or terminates its business relationship with us, our Directors consider that we would have the capacity to attract other customers to replace such lost contracts given that we have a proven track record in the Building Services industry with experienced management and professional project management teams. Our Directors are also of the view that there is no increasing reliance by our Group on its connected customers, having considered that (i) there is no increase in the proposed annual cap for the year ending 31 March 2017; and (ii) the estimated proportion of revenue to be generated from connected customers will remain stable for the year ending 31 March 2016 and then decrease in the year ending 31 March 2017.

Relationship with Able E & M

Each of Vantage Group and Mr. Fung is beneficially interested in 50% of the shareholdings in Able E & M which directors are Mr. Fung and Mr. Ngai. The principal business of Able E & M includes contracting for Building Services engineering works.

Prior to and during the Track Record Period, Able E & M tendered projects from contractors including Able Engineering Company Limited, a wholly-owned subsidiary of Vantage, and contracted those projects to us. As at the Latest Practicable Date, there were six existing contracts entered into between our Group and Able E & M which are expected to continue after Listing and the total estimated contract sum and work orders value under the Able E & M Contracts amounted to approximately HK$315.4 million. The revenue generated from Able E & M amounted to approximately HK$61.6 million, HK$85.9 million and HK$36.3 million for the years ended 31 March 2012, 2013 and 2014, respectively, representing approximately 18.2%, 20.3% and 6.2% of the total revenue of our Group during the same periods, respectively.

For further details of our relationship with our Controlling Shareholders, please refer to the section headed "Relationship with Controlling Shareholders" in the prospectus.

OVERVIEW OF CONTINUING CONNECTED TRANSACTIONS

During and prior to the Track Record Period, we have entered into transactions with each of Vantage Group, Able E & M and Lanon Group. Following completion of the Listing, we will continue to have certain transactions which are conducted in our ordinary and usual course of business, and constitute continuing connected transactions pursuant to the Listing Rules. For further details please refer to the section headed "Connected transactions" in this prospectus.

LISTING EXPENSES

The total expenses for the Listing are estimated to be approximately HK$16.3 million based on an Offer Price of HK$0.90 (being the mid-point of the Offer Price range stated in this prospectus), of which approximately HK$4.9 million is directly attributable to the issue of new Shares to the public and to be accounted for as a deduction from equity and approximately HK$11.4 million is to be charged to profit or loss of our Group for the year ending 31 March 2015.

USE OF PROCEEDS

We intend to apply the net proceeds to us from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and assuming that the Offer Size Adjustment Option is not exercised at all and an Offer Price of HK$0.90, being the mid-point of the Offer Price range, of approximately HK$73.7 million as follows:

- approximately HK$44.2 million or approximately 60% of the net proceeds will be used for the operation of prospective projects;
- approximately HK$14.7 million or approximately 20% of the net proceeds for the hiring of 30 additional staff including project managers and experienced engineering staff by the year ending 31 March 2018;
- approximately HK$7.4 million or approximately 10% of the net proceeds for the upgrade of our computer system and software in the next three to five years; and
- approximately HK$7.4 million or approximately 10% of the net proceeds will be used as general working capital of our Group.

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

DIVIDEND POLICY

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

SHARE OFFER STATISTICS

Market capitalisation at Listing:	HK$280 million to HK$440 million
Shares to be in issue following completion of the Share Offer and Capitalisation Issue:	400,000,000 Shares
Offer size:	100,000,000 Shares
Offer Price	HK$0.70 to HK$1.10
Board lot:	4,000 Shares
Offering structure:	90,000,000 Shares for Placing 10,000,000 Shares for Public Offer
Unaudited pro forma adjusted combined net tangible assets per Share:	HK$0.484 to HK$0.582

LITIGATION, ARBITRATION AND POTENTIAL CLAIMS

During the Track Record Period, we had been involved in a number of claims, litigations and pending or threatened claims against our Group. The claims and charges against us are related to (i) employees' compensation claims and personal injuries claims; (ii) wage claims; and (iii) industrial safety charges. None of the claims or charges is related to any disputes with the customers of our Group. As at the Latest Practicable Date, there was no outstanding legal or arbitration proceedings against us. For further details, please refer to the section headed "Business — Litigation, arbitration and potential claims" in this prospectus.

RISK FACTORS

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

- a failure to obtain continuity of our order book for new projects could materially affect our financial performance;
- our top five customers accounted for over 80% of our total revenue for the years ended 31 March 2012, 2013 and 2014 and any counterparty risk or decrease in projects secured from any one of them could affect our operations and financial results;
- we are dependent on suppliers and subcontractors to implement certain contracts;
- inability to renew our existing qualifications, licences and permits or comply with new requirements could materially affect our operations and financial performance; and
- our cash flows may fluctuate due to the payment practice applied to our projects.

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

"Able E & M"	Able E & M Engineering Company Limited (安寶機電工程有限公司), a company incorporated in Hong Kong with limited liability on 18 January 2007, was owned as to 50% by Profit Chain and 50% by Mr. Fung through Fungs Electrical Engineering Company Limited (馮氏電器工程有限公司)[(1)] as at the Latest Practicable Date, and is a connected person of our Company
"Ample Capital" or "Sponsor"	Ample Capital Limited, a licensed corporation to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the sponsor to the Share Offer
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them to be used in connection with the Public Offer
"Articles of Association" or "Articles"	the articles of association of our Company approved and adopted on 22 September 2014, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
"AOCL"	Ample Orient Capital Limited, a licensed corporation to engage in type 1 (dealing in securities) regulated activities under the SFO, being one of the joint lead managers and bookrunners to the Share Offer
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"business day"	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general banking transactions to the public
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of 299,000,000 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed "Statutory and General Information — 1. Further information about our Company — (iv) Written resolutions of our sole Shareholder passed on 22 September 2014" in Appendix V to this prospectus

Note:

(1) Fungs Electrical Engineering Company Limited (Hong Kong Company Number: 0718031) was formerly known as (i) Fungs Electrical Company Limited between 26 May 2000 and 21 August 2001; and (ii) Fungs Company Limited between 22 August 2001 and 14 November 2004.

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Law" or "Cayman Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) effective from 3 March 2014, as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) effective from 3 March 2014, as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Nga Chun Holdings Company Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 21 May 2014 which was wholly-owned by Team Great as at the Latest Practicable Date and will be owned by Team Great as to 75% after completion of the Share Offer (assuming that the Offer Size Adjustment Option will not be exercised)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company immediately after the Share Offer, being Team Great, Globetrade, Profit Chain, Mr. Fung, Mr. Ngai and Vantage, or any of them. Please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus for further details

"Corporate Reorganisation" or "Reorganisation"	the reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the section headed "History and Reorganisation — Corporate reorganisation" in this prospectus
"Deed of Indemnity"	the deed of indemnity dated 22 September 2014 given by our Controlling Shareholders in favour of our Group in respect of taxation and other indemnities referred to in the section headed "Statutory and General Information — 9. Other information — D. Tax and other indemnities" in Appendix V to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 22 September 2014 executed by Mr. Ngai, Mr. Fung and Team Great in favour of our Group containing certain non-competition undertakings to our Group referred to in the section headed "Relationship with Controlling Shareholders — Deed of Non-competition" in this prospectus
"Director(s)"	the director(s) of our Company
"Fungs E & M"	Fungs E & M Engineering Company Limited (馮氏機電工程有限公司), was previously known as Fungs Electrical Engineering Company Limited (馮氏電器工程有限公司) (Hong Kong Company number: 0486484) between 28 July 1994 and 2 November 2004, is a company incorporated in Hong Kong on 28 July 1994 with limited liability, and a wholly-owned subsidiary of our Company
"Globetrade"	Globetrade Limited, a company incorporated in the BVI with limited liability on 28 January 2005, which is a wholly-owned subsidiary of Profit Chain, and one of our Controlling Shareholders
"GREEN Application Form(s)"	the application form(s) to be completed by **HK eIPO White Form** Service Provider designated by our Company
"Group" or "our Group" or "we" or "our" or "us"	our Company and its subsidiaries or, where the context so requires, with respect to the period before which our Company became the holding company of its current subsidiaries, our Company's current subsidiaries or the businesses operated by such subsidiaries or their predecessors (as the case may be)
"HK eIPO White Form"	the application for Public Offer Shares to be issued in the Applicant's own name by submitting application online at the designated website at **www.hkeipo.hk**
"HK eIPO White Form Service Provider"	the **HK eIPO White Form** Service Provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**

"HK$" or "HK Dollar(s)" and "cent(s)"	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited
"Independent Third Party(ies)"	individual(s) or company(ies) who/which is/are independent of and not connected (within the meaning of the Listing Rules) with the directors, chief executives and substantial shareholders of our Company and its subsidiaries or any of their respective associates as defined under the Listing Rules
"Ipsos Report"	an industry report dated 26 June 2014 (updated on 15 September 2014) prepared by Ipsos Hong Kong Limited which was commissioned by us in relation to, among other things, the Building Services industry in Hong Kong
"Lanon Group"	Lanon Holdings Limited, which to the best knowledge of our Directors, was incorporated in the BVI on 17 November 2009 and beneficially owned as to 78% by Mr. Ngai Wing Yin, son of Mr. Ngai, and as to 22% by an Independent Third Party as at the Latest Practicable Date, together with its wholly-owned subsidiaries including Lanon Development Limited and Lanon Building Limited, both of which were incorporated in Hong Kong; all of the above companies are connected persons of or deemed by our Company
"Latest Practicable Date"	22 September 2014, being the latest practicable date for ascertaining certain information prior to the printing of this prospectus
"Joint Lead Managers"	Ample Orient Capital Limited and Convoy Investment Services Limited, being the bookrunners and lead managers to the Share Offer
"Listing"	listing of the Shares on the Main Board
"Listing Committee"	the listing committee of the Stock Exchange

"Listing Date"	the date, expected to be on or about Thursday, 16 October 2014, on which the Shares are listed and from which dealings in the Shares commence on the Main Board
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Master Grand"	Master Grand Investment Company Limited, incorporated in the BVI with limited liability on 19 May 2014, which is wholly-owned by our Company
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company approved and adopted on 22 September 2014, as supplemented, amended or otherwise modified from time to time
"Mr. Fung"	Mr. Fung Chi Wing, one of our founders, our chairman, executive Director and one of our Controlling Shareholders
"Mr. Ngai"	Mr. Ngai Chun Hung, one of our Controlling Shareholders
"New Shares"	the 100,000,000 new Shares initially to be issued at the Offer Price pursuant to the Share Offer, which expression shall, where the content permits, includes any part of such new Shares
"Offer Price"	the final offer price per Offer Share (exclusive of a brokerage fee of 1.0%, the SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%) of not more than HK$1.10 and is currently expected to be not less than HK$0.70, to be agreed upon by us and AOCL (acting for itself and on behalf of Underwriters) on or before Wednesday, 8 October 2014
"Offer Shares"	the Placing Shares and the Public Offer Shares
"Offer Size Adjustment Option"	the option granted by our Company to the Placing Underwriters, exercisable by AOCL or its agent on behalf of the Placing Underwriters, at its sole and absolute discretion, whereby our Company may be required to allot and issue up to 15,000,000 additional Placing Shares representing up to 15% of the Offer Shares initially available under the Share Offer, at the Offer Price solely to cover over-allocations in the Placing, subject to the terms of the Placing Underwriting Agreement

"Placing"	the conditional placing of the Placing Shares at the Offer Price with institutional and professional investors, details of which are described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Shares"	the 90,000,000 New Shares initially being offered by our Company for subscription at the Offer Price under the Placing, subject to reallocation and the Offer Size Adjustment Option as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Underwriters"	the underwriters in respect of the Placing named in the section headed "Underwriting — Underwriters — Placing Underwriters" in this prospectus
"Placing Underwriting Agreement"	the conditional placing underwriting agreement to be entered into among our Company, the Joint Lead Managers, the Placing Underwriters and other parties relating to the Placing
"PRC" or "China"	The People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
"Price Determination Agreement"	the agreement to be entered into between our Company and AOCL (for itself and on behalf of the Underwriters) at or before the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or before Wednesday, 8 October 2014 or such later date as may be agreed by us and AOCL (acting for itself and on behalf of the Underwriters), but in any event which the Offer Price is fixed for the purposes of the Share Offer
"Profit Chain"	Profit Chain Investments Limited, a company incorporated in the BVI with limited liability on 10 May 2000, which is a wholly-owned subsidiary of Vantage and one of our Controlling Shareholders
"Public Offer"	the conditional offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms, details of which are described in the section headed "Structure and Conditions of the Share Offer" in this prospectus and the related Application Forms

"Public Offer Shares"	the 10,000,000 New Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer, subject to re-allocation as mentioned in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Underwriter"	the underwriter in respect of the Public Offer named in the section headed "Underwriting — Underwriters — Public Offer Underwriter" in this prospectus
"Public Offer Underwriting Agreement"	the conditional public offer underwriting agreement dated 29 September 2014 entered into among our Company, AOCL, and other parties relating to the Public Offer
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Share(s)"	share(s) of a nominal value of HK$0.01 each in the capital of our Company
"Share Offer"	the Placing and the Public Offer
"Share Option Scheme"	the share option scheme conditionally adopted by our Company pursuant to a resolution passed by the sole Shareholder on 22 September 2014 as described in the section headed "Statutory and General Information — 8. Share Option Scheme" in Appendix V to this prospectus
"Shareholder(s)"	holder(s) of the Share(s)
"sq.ft." and "sq.m."	square feet and square metres, respectively
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Team Great"	Team Great Limited, a company incorporated in the BVI with limited liability on 18 July 2011, which was owned as to 50% by Mr. Fung, 40% by Globetrade and 10% by Mr. Fung Chuen, the brother of Mr. Fung, as at the Latest Practicable Date, and is one of our Controlling Shareholders

"Track Record Period"	the period comprising the years ended 31 March 2012, 2013 and 2014
"Underwriters"	the Placing Underwriters and the Public Offer Underwriter
"Underwriting Agreements"	the Placing Underwriting Agreement and Public Offer Underwriting Agreement
"United States"	The United States of America
"US$"	United States dollar(s), the lawful currency of the United States of America
"Vantage"	Vantage International (Holdings) Limited (盈信控股有限公司), a company incorporated in Bermuda with limited liability on 21 June 2000, the shares of which are listed on the Main Board (Stock Code: 15), and one of our Controlling Shareholders
"Vantage Group"	Vantage and its subsidiaries
"%"	per cent.

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

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

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

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

"ACIL"	Accredited Certification International Limited
"Architectural Services Department" or "ASD"	the Architectural Services Department of the Government
"Authorised Signatory"	the appointed person to act for a registered contractor for the purpose of the Buildings Ordinance
"Building Authority"	the Building Authority of the Government
"Buildings Ordinance"	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Building Services"	the types of building related engineering works in relation to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works
"CAGR"	compound annual growth rate, a method of assessing the average growth of a value over time
"Development Bureau"	the Development Bureau of the Government
"electrical work"	the work in relation to the installation, commissioning, inspection, testing, maintenance, modification or repair of a low voltage or high voltage fixed electrical installation and includes the supervision and certification of the work and the design of the installation. Examples of fixed electrical installations are distribution boards, wiring installations and lighting fittings, etc., that are fixed in premises
"EMSD"	Electrical and Mechanical Services Department of the Government
"Factories and Industrial Undertakings Ordinance"	Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"GDP"	Gross Domestic Product
"Government"	the Government of the Hong Kong Special Administrative Region
"Government Projects"	Engineering projects contracted out by the Government
"HKIE"	Hong Kong Institution of Engineers
"HKQAA"	Hong Kong Quality Assurance Agency
"Housing Authority" or "HA"	the Hong Kong Housing Authority, a statutory body established under the Housing Ordinance (Chapter 283 of the Laws of Hong Kong) in Hong Kong, as amended, supplemented or otherwise modified from time to time
"Ir"	the recognised abbreviation for "Engineer"
"ISO"	International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"ISO 9001"	a framework and systematic approach set by ISO to managing business processes to produce a product/service that conforms to customer expectations
"ISO 14001"	a framework set by ISO which a company or organisation can follow to set up an effective environmental management system, and which can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved
"Main Contractor"	a contractor, appointed by the project employer's construction consultant, who generally oversees the progress of the entire project and delegates different work tasks of the project to other contractors
"OHSAS 18001"	the requirements for occupational health and safety management system developed for managing the occupational health and safety risks associated with a business, issued by the Occupational Health and Safety Advisory Services

"Restricted Tender"	Tender invitations are sent to a limited number of selected contractors who are on the customer's list of approved contractors
"SGS"	SGS Hong Kong Limited, the Hong Kong branch of SGS, an international inspection, verification, testing and certification company
"Specialist List" or "List"	the List of Approved Suppliers of Materials and Specialist Contractors for Public Works kept by the Development Bureau
"Technical Director"	a director authorised by the board of Directors to ensure the works are carried out in accordance with the Buildings Ordinance
"work-related accidents"	accidents incurred in the course of employment, or arising from employment related to industrial activities
"Works Branch"	the Works Branch of the Development Bureau
"Works Bureau"	Works Bureau, a bureau of the Government until 2007, when its function was taken over by the Development Bureau

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

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

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

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

RISK RELATING TO OUR BUSINESS

A failure to obtain continuity of our order book for new projects could materially affect our financial performance

We provide Building Services to the Hong Kong construction industry on both one-off basis and retainer basis, and the duration of our projects ranges from three months to four years. Our revenue from one-off projects is not recurring in nature and we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing awarded projects. Our revenue from retainer projects may fluctuate depending on the actual amount of Building Services required by project employers during the retainer projects' period.

Our Group has to go through a competitive tendering or quotation process to secure new project works. In the event we are unable to maintain business relationship with existing customers or unable to price our tender or quotation competitively, our business and hence our revenue will be adversely affected. It is critical to our Group to secure new projects of similar or larger value on a continuous basis, and should we fail to do so, the financial performance of our Group will be adversely affected.

Our top five customers accounted for over 80% of our total revenue for the years ended 31 March 2012, 2013 and 2014 and any counterparty risk or decrease in projects secured from any one of them could affect our operations and financial results

Our largest customer accounted for approximately 51.7%, 44.3% and 47.7% of our total revenue, and our five largest customers accounted for approximately 86.7%, 86.3% and 84.8% of our total revenue, for the years ended 31 March 2012, 2013 and 2014, respectively. There is no assurance that these major customers will continue to use our services at fees acceptable to our Group or our Group can maintain its relationship with them in the future. There is also no assurance that these major customers will be financially sounding or that they will duly settle payment due to our Group in the future. In the event that these customers encounter financial difficulties or pose counterparty risk, and that our Group, as an unsecured creditor, may not be able to recover any amount due from these customers, or that our Group is unable to retain these customers, or seek replacement customers, our business, results of operations, profitability and liquidity may be adversely affected.

We are dependent on suppliers and subcontractors to implement certain contracts

Our five largest suppliers accounted for approximately 44.0%, 51.3% and 50.7% of our total material costs for the years ended 31 March 2012, 2013 and 2014, respectively. Our five largest subcontractors accounted for approximately 44.2%, 44.6% and 37.4% of our total subcontracting fee for the years ended 31 March 2012, 2013 and 2014, respectively.

As our Group did not enter into any long term contract with our major suppliers and subcontractors, there is no assurance that they will be able to continue to provide supplies and services to our Group at prices acceptable to our Group or whether our Group can maintain its relationship with them in the future. In the event that any of the major suppliers and subcontractors is unable to provide the required services to our Group and we are unable to obtain alternative providers on similar or more favourable term to us, or if the costs for them to provide those required supplies and services increase substantially, our business, results of operations, profitability and liquidity may be adversely affected.

There is no assurance that we are able to monitor the performance of our subcontractors as directly and efficiently as with our own staff. If a subcontractor fails to provide installation works as required under a contract, we may be required to subcontract these work on a delayed basis or at a higher price than planned, which could impact our profitability. If the subcontractor's performance does not meet our standards, the quality of the project may be affected, which could harm our reputation and potentially expose us to litigation and damage claims. We may also need to undertake reworks and in such case it may adversely affect our costs, business and results of operations.

Our cash flows may fluctuate due to the payment practice applied to our projects

Our projects normally incur net cash outflows at the early stage of carrying out our works when we are required to pay the setting up expenditures such as purchase of materials, prior to payment received from our customers. Our customers will pay progress payments after our works commence and after such works and payments have been confirmed and approved by our customers. Accordingly, the cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the works progress. We undertake a number of projects at any given period, and the cash outflow of a particular project could be compensated by the cash inflows of other projects. Should the mix of the projects be such that more are at the initial stage, our corresponding cash flow position may be adversely affected.

Our Group is expecting increase in our sales to connected customers from 28% in 2014 to 44% in 2015. If our sales to our connected customers continue to increase in the future, over-reliance on connected customers may affect our Group's ability to operate independently

Our Group is expecting increase in our sales to connected customers from 28% in 2014 to 44% in 2015. For details on our sales to connected customers, please refer to the section headed "Connected Transactions" of this prospectus. If our sales to our connected customers continue to increase in the future, our Group may become relying on connected customers, which for instance, Vantage, is also our Controlling Shareholder. Any adverse development to our business relationship with connected customers would have a material

adverse effect on our business and results of operations. Also, over-reliance on connected customers may affect our Group's operational independency, as such connected customers may be able to exert excessive influence on our Group.

We have recorded an impairment of HK$5.5 million due from Able E & M, a connected person, during the Track Record Period. There are uncertainties as to whether Able E & M will be able to fulfill its future payment obligations arising from the execution of the six existing contracts with an aggregate contract value of HK$315.4 million to our Group

During the year ended 31 March 2012, our Group advanced HK$11.2 million to Able E & M which was then advanced to an independent third party contractor for the execution of a project by Able E & M. An impairment loss of HK$5.5 million was recognised by our Group after assessing the financial position of Able E & M as at 31 March 2014 despite various recovery measures taken by our Group. There are uncertainties as to whether Able E & M will be able to fulfill its future payment obligations arising from the execution of the six existing contracts with an aggregate contract value of HK$315.4 million to our Group. In the event that Able E & M cannot fulfill its payment obligations to our Group and that our Group's recovery action continue to have limited effect, our Group's financial position such as profitability and liquidity may be adversely affected.

Inability to renew our existing qualifications, licences and permits or comply with new requirements could materially affect our operations and financial performance

Our business in public work and Building Services activities in Hong Kong are regulated by the Work Branch of the Development Bureau and various other regulatory bodies. These regulatory bodies stipulate (i) the criteria that must be satisfied before permits and licences are granted to, and/or renewed for, our business; and (ii) the licenses and permits required for contractors as a pre-requisite to tender for projects in the public work sector.

The renewal of our permits and licences is subject to compliance with the relevant regulations. In particular, our Group has to meet the various requirements laid down by the such regulatory authorities. In general, contractors are required to meet the financial, technical, management, personal and safety criteria applicable to their appropriate category and group for admission and retention on the Specialist List. Further details are set out in the section headed "Laws and Regulations" in this prospectus. Any non-renewal in our existing specialist contractor status in the Work Branch of the Development Bureau will result in us limited to participate in certain public work projects, therefore reducing the number of project opportunities for our Group, and this may have an adverse impact on our Group's operations and financial performance.

We rely on a stable supply of labour for our subcontractors to carry out our Building Services engineering projects

Although our Group handles the design and management of Building Services engineering projects, part of our Group's works and the works of our subcontractors are basically labour intensive works. However, there is no guarantee that the supply of labour and average labour costs will be stable. In the event that we and our major subcontractors

fail to retain existing labour and/or recruit sufficient labour in a timely manner to cope with the demand of our existing or future projects and/or there is a significant increase in the costs of labour, we may not be able to complete our projects on schedule and within budget and our operations and profitability may be adversely affected.

A failure to complete our projects on a timely basis could materially affect our financial performance, reputation or we may be subject to resultant claims

Our revenue is recognised according to the percentage of completion method, and billings are based on progress payment application. Any delay in a project will affect our billings, revenue, operational cash flows and financial performance. We are also required to pay our suppliers and some of our subcontractors notwithstanding the delay in the project if the purchase orders or service requests have been fulfilled. A delay or cancellation of projects could also result in idle or excess manpower resources in the event that replacement projects cannot be secured on a timely basis. A delay in the project can be due to various factors, including but not limited to, delays by a subcontractor or factors attributable to the Main Contractor or project employer of the construction project. In addition, there may be a lapse of time between the completion of existing projects and the commencement of subsequent projects which may adversely affect our Group's financial performance and financial position. If the delay is caused by us, we are liable to pay our contracting parties for the liquidated damages stipulated in our contracts and our reputation could also be materially affected.

Further, the estimated revenue relating to our engineering projects set out in the section headed "Business — Our engineering projects" in this prospectus contained management estimates, which may be affected by other unforeseen factors which is out of our Group's control. The actual revenue outcome may be higher or lower than our estimation as set out in this prospectus.

A failure to receive progress payment on time and in full, or that retention money is not fully released to us after expiry of the defect liability period, may affect our liquidity position

We receive progress payment by reference to the value of the works completed. Generally, the value of the works completed is assessed by our customer who will verify our progress claims, and request us to issue an invoice for the amount of work completed. A portion of each progress claim, normally around 1% to 10% is withheld by our customers as retention money, up to a maximum of 5% of the contract value. Half of this retention money shall be released upon practical completion and the remaining released after the defect liability period, usually 12 months from practical completion date. As of 31 March 2012, 2013 and 2014, retention money of approximately HK$6.1 million, HK$14.5 million and HK$16.1 million respectively, was retained by our customers.

During the Track Record Period, we have not encountered any material delay in progress payment and retention money by our customers. However, there can be no assurance that such payment will be made on time by our customers in the future. Any failure by our customers to make payment to us on a timely manner may have an adverse effect on our future liquidity position.

Our Group's historical revenue and profit margin from Building Services engineering projects may not be indicative of our future revenue and profit margin

For the years ended 31 March 2012, 2013 and 2014, our revenue amounted to approximately HK$339.5 million, HK$424.4 million and HK$581.5 million, respectively. For the years ended 31 March 2012, 2013 and 2014, our net profit amounted to approximately HK$24.9 million, HK$40.7 million and HK$45.3 million, respectively. However, such trend of historical financial information of our Group is a mere analysis of our past performance only and does not have any positive implication or may not necessarily reflect our financial performance in the future which will depend on our capability to secure new contracts and control our costs and expenditures.

The profit margins and income of our Group's projects may fluctuate from project-to-project due to the nature of works. Our Group's projects may include unforeseen obstacles, such as shortage of material and, delay from subcontractors, which may not have been anticipated during the planning stages. Such obstacles would incur additional costs to our Group, and thus affect the overall profit margin of our Group's projects if such amounts cannot be recovered from our customers. Further, since we normally receive payments from our customers by way of progress payments on a regular basis by reference to the value of the works done, the approval and certification of which are subject to decision from external parties and not our Group, namely, the architects or quantity surveyors employed by our customers or the project employers are beyond our Group's control.

For the years ended 31 March 2012, 2013 and 2014, our gross profit was approximately HK$43.8 million, HK$61.8 million and HK$75.0 million, respectively, while our gross profit margin was approximately 12.9%, 14.6% and 12.9%, respectively. There is no assurance that our gross profit and gross profit margin will remain stable in the future and our financial condition may be adversely affected by any decrease in the gross profit or gross profit margin.

Our Group determines the price based on the estimated time and costs involved in a project which may deviate from the actual time and costs involved. Inaccurate estimation may adversely affect our Group's financial results

We need to estimate the work time and costs in order to determine the work fees. There is no assurance that the actual work time and costs would not exceed our estimation during the actual implementation of the project, which usually takes months or years to complete.

The time taken and the cost actually involved in completing Building Services undertaken by us may be adversely affected by many factors, including shortage and cost escalation of materials and labour, additional variations to the construction plans requested by the customers or because of technical construction needs, disputes with subcontractors, accidents, changes in the Hong Kong government's priorities and unforeseen problems and circumstances. Any of these can give rise to delays in completion of our works or cost overruns or even termination of projects by our customers.

Some of our projects are subject to specific completion schedule requirements and the customer may charge us liquidated damages if we do not meet the schedules. In some of our projects, liquidated damages are levied at an agreed rate for each day of delay that is deemed to be our responsibility. Any failure to meet the schedule requirements of our contracts could cause us to pay significant liquidated damages, which would reduce or eliminate our profit of the relevant contracts.

Failure to complete construction according to specifications and quality standards on a timely basis may result in disputes, contract termination, liabilities and/or lower returns than anticipated on the construction project concerned. Such delays or failure to complete and/or termination of a project by customers may cause our revenue or profitability to be lower than what we have expected. We cannot guarantee that we will not encounter cost overruns or delays in our current and future engineering projects. If such cost overrun or delays occur, we could experience an increase in costs exceeding our budget or be required to pay liquidated damages with a consequent reduction in, or elimination of, the profits of our contracts.

Construction dispute or litigation may materially affect our Group's business, operations and financial results

We may receive claims or complaints in respect of various matters from our customers, subcontractors, staff and other parties concerned with our projects from time to time. Such claims or complaints may include claims or complaints for compensation for late completion of works and delivery of substandard works, and claims in respect of personal injuries and labour compensation in relation to the works.

There are also cases that variation clauses are written in the contract entered into between our Group and our customer requiring us to perform as requested certain variation works which are not included in the original design layout specification. Our customer will perform measurement and evaluation to the variation work and make adjustment to the subcontract sum. Such adjustment will be reflected in the customer progress confirmations to reflect such changes. In the event our Group disagrees on the rates fixed by our customer over variation works, contractual disputes with our customers may arise, and our results of operation, liquidity and financial position may be adversely affected. Should any claims against us fall outside the scope and/or limit of our insurance coverage or monies retained from subcontractors, our financial position may be adversely affected.

According to the contractor management handbook and technical circular issued by the Development Bureau, in the event that the construction dispute or litigation is of a serious incident or is a conviction for site safety or environmental offences, the relevant authorities may impose various forms of regulating actions against the contractors. Such regulating actions may be in the form of warning letter, independent safety audit, improvement proposal and voluntary or mandatory suspension from tendering. In case our Group is subject to any successful claims for defective works, our Group may not be able to renew its licences. In such case, our Group's reputation, tendering ability and operations may be adversely affected.

We are exposed to claims arising from latent defects

We may face claims arising from latent defects, that are existing but not yet discovered, developed or visible, which are not properly handled by our subcontractors. Normally, we will require the relevant subcontractor to make good defective works. However, if their performance is found to be unsatisfactory to the project employer, we may face claims. In the event that there is any significant claims against us for any latent defects by our customers or other party, our profitability would be adversely affected.

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

Our Group's success and growth depends on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Our Group's growth is dependent on many factors, and one of which is the contribution by our key personnel.

If any of our executive Directors or management ceases to be involved in the management of our Group in the future and our Group is unable to find suitable replacements in a timely manner, there could be an adverse impact on the business and results of operations of our Group. The loss of service of any of the above mentioned personnel without a suitable and timely replacement or the inability to attract and retain other staff could adversely affect our Group's operations, and hence, our Group's revenue and results of operations.

RISK RELATING TO THE INDUSTRY IN WHICH WE OPERATE

A reduction in the pipeline of Hong Kong public works could materially affect our financial performance

The projects for public works are mainly contracted through main contractors of these projects, as Building Services are usually part of their construction contracts. As our Group is highly dependent on the pipeline of public work projects, and any significant reduction in public work may have a material adverse effect on our business. Moreover, the level of the government's spending budget on public work may change from year to year and any change or significant delay in the level of spending may affect the business and operation results of our Group. In the event that the level of spending on public works is reduced and our Group fails to secure business from private sector, the business and profitability of our Group could be adversely affected.

The state of economy in Hong Kong

Our performance and financial condition is heavily dependent on the state of economy in Hong Kong as our revenue attributable to the Hong Kong accounted for 100% of our Group's total revenue for the years ended 31 March 2012, 2013 and 2014. In the event that there is a downturn in the economy of Hong Kong, our results of operations and financial position may be severely affected.

Natural disasters or other catastrophic events in Hong Kong may severely disrupt our business and operations and may have a material adverse effect on our financial condition and results of operations

Our business operations may be disrupted due to the occurrence of typhoons, earthquakes, floods, fire, acts of terror, wars, epidemics or other natural disasters or similar events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophe or extraordinary event were to occur in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to complete our works on time, which in turn may adversely affect our financial condition and results of business operations.

Vantage, being one of our Controlling Shareholders, also operates in the construction industry in Hong Kong. Within the construction industry, we face significant competition in the Building Services sector, and failure to compete efficiently could materially and adversely affect our business

Vantage, being one of our Controlling Shareholders, also operates in the construction industry in Hong Kong. Vantage is also a registered electrical contractor in Hong Kong technically capable of handling electrical installation works for the private sector. For further details regarding the business of Vantage, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus. There may be cases where our Group and Vantage may potentially compete. Our Group has not entered into non-competition agreement with or receive favorable non-competition undertakings from Vantage as at the Latest Practicable Date.

The Building Services industry in Hong Kong has a number of participants and is competitive. For instance, there were 121, 64 and 55 approved specialist contractors in electrical, air-conditioning and fire service installation works, respectively, according to data from the Development Bureau as at the Latest Practicable Date. Occasionally, new participants may wish to enter the industry if they have the appropriate skills, local experience, necessary equipment, capital and are granted the requisite licences by the relevant regulatory bodies. We also face competition from other existing contractors. Increased competition may result in lower operating margins and loss of market share, resulting in an adverse impact on our profitability and operating results.

RISKS RELATING TO THE SHARE OFFER AND OUR SHARES

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

We may issue additional Shares to raise additional funds in the future to finance our business expansion. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of those existing Shareholders may be

reduced, and they may experience subsequent dilution, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

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

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

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

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

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

Due to the time lag between pricing and trading of the Shares, there is a risk that the price of our Shares may fall before trading begins

The Offer Price will be determined on the Price Determination Date, which is expected to be on 8 October 2014. However, trading of the Shares on the Main Board will not commence until the Listing Date, which is expected to be on 16 October 2014. During this period, investors may not be able to sell or otherwise deal in the Shares. Accordingly, holders of the Shares are subject to the risk that the Shares' price could fall before trading begins resulting from adverse market conditions or other adverse developments that could occur between the time of the sale and the time trading begins.

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

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

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

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

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

Our Company may grant share options under the Share Option Scheme in the future. The fair value of the options at the date on which they are granted with reference to the valuer's valuation will be charged as share-based compensation, which may adversely affect our Group's results of operations. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue after such issuance and thus may result in the dilution to the percentage of ownership of the Shareholders and the net asset value per Share. No option has been granted pursuant to the Share Option Scheme as at the Latest Practicable Date. For a summary of the terms of the Share Option Scheme, please see the section headed "Share Option Scheme" in Appendix V to this prospectus.

RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS

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

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

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

Prior to the publication of this prospectus, there may be press or other media, which contains certain information referring to us and the Share Offer that is not set out in this prospectus. We wish to emphasise to potential investors that neither we nor any of the Sponsor, the Joint Lead Managers and the Underwriters, the directors, officers, employees,

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

CONNECTED TRANSACTIONS

Certain member of our Group had entered into certain transactions which will constitute continuing connected transactions under the Listing Rules following the completion of the Share Offer. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, waivers in relation to certain continuing connected transactions between our Group and our connected persons under Chapter 14A of the Listing Rules. For further details, please refer to the section headed "Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

(a) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;

(b) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and

(c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ABOUT THE SHARE OFFER

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

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

FULLY UNDERWRITTEN

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

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

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be determined by agreement between us and AOCL (acting for itself and on behalf of the Underwriters) on or before 8:00 p.m. on Wednesday, 8 October 2014. The Offer Price will be not more than HK$1.10 per Offer Share and is currently expected to be not less than HK$0.70 per Offer Share, unless otherwise announced. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK$1.10 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$1.10 per Offer Share.

AOCL (acting for itself and on behalf of the Underwriters) may, with our consent, reduce the number of the Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the number of the Offer Shares and/or the indicative Offer Price range will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese), not later than the morning of the last day for lodging applications under the Public Offer. If applications for Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price is so reduced, such applications cannot subsequently be withdrawn.

If, for any reason, the Offer Price is not agreed between us and AOCL (acting for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Thursday, 9 October 2014, the Share Offer will not proceed and will lapse.

RESTRICTIONS ON SALE OF THE OFFER SHARES

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

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

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

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

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

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Cayman Companies Law and our Articles of Association;

- agrees with us and each of our Shareholders that the Shares are freely transferable by the holders thereof; and

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

HONG KONG SHARE REGISTER AND STAMP DUTY

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

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

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

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

STRUCTURE OF THE SHARE OFFER

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

TRADING AND SETTLEMENT

Dealings in the Shares are expected to commence on Thursday, 16 October 2014. Shares will be traded in board lots of 4,000 Shares each.

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

NO CHANGE IN THE NATURE OF BUSINESS

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

LANGUAGE

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

EXCHANGE RATES CONVERSION

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

ROUNDING

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

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Fung Chi Wing (馮志榮)	Flat C, 11/F, Tower One Mount Beacon 20 Cornwall Street Kowloon Tong, Kowloon Hong Kong	Chinese
Ms. Fung Mei Lan (馮美蘭)	Flat C, 28/F, Blk 5 Castello 69 Siu Lek Yuen Road Shatin, New Territories Hong Kong	Chinese
Ir Wong Chi Wai (黃志偉)	Room B, 16/F, Block 2 Baycrest, No. 8 Hang Ming Street Ma On Shan, New Territories Hong Kong	Australian
Independent non-executive Directors		
Ir Ho Pun Hing (何彬興)	Flat 12 A, Tower One Island Place 51 Tanner Road, North Point Hong Kong	Chinese
Ir Szeto Ka Sing (司徒家成)	G/F., Block 134 The Wonderland 530 Tai Po Tau Tai Po, New Territories Hong Kong	Chinese
Dr. Leung Shiu Ki Albert (梁兆棋)	4th Floor, Block D Beau Cloud Mansion 64 Macdonnell Road Mid Levels Hong Kong	British

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

PARTIES INVOLVED

Sponsor	Ample Capital Limited Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
Joint Lead Managers and Bookrunners	Ample Orient Capital Limited Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong Convoy Investment Services Limited 24C, @ Convoy 169 Electric Road North Point Hong Kong
Placing Underwriters	Ample Orient Capital Limited Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong Convoy Investment Services Limited 24C, @ Convoy 169 Electric Road North Point Hong Kong
Public Offer Underwriter	Ample Orient Capital Limited Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong

Legal advisers to our Company	*As to Hong Kong law:* Howse Williams Bowers 27/F Alexandra House 18 Chater Road Central Hong Kong *As to Cayman Islands law:* Appleby 2206–19, Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sponsor and the Underwriters	*As to Hong Kong law:* Francis & Co. in association with Addleshaw Goddard (Hong Kong) LLP 802–804 Citibank Tower 3 Garden Road Central Hong Kong
Independent reporting accountants	Ernst & Young *Certified Public Accountants* 22nd Floor, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Compliance adviser	Ample Capital Limited Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
Property valuers	International Valuation Limited Room 2105, 21/F Office Tower, Langham Place 8 Argyle Street Mongkok, Kowloon Hong Kong
Receiving banker	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

Registered office	Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	Unit B, 10/F Summit Building 30 Man Yue Street Hung Hom Kowloon, Hong Kong
Authorised representatives	Mr. Fung Chi Wing Flat C, 11/F, Tower One Mount Beacon 20 Cornwall Street Kowloon Tong, Kowloon Hong Kong Mr. Kung Hei Ning *Certified Public Accountant* Flat D, 3/F, Block 6 Grand Palisades, Shan Yin Road Tai Po, New Territories Hong Kong
Company secretary	Mr. Kung Hei Ning *Certified Public Accountant* Flat D, 3/F, Block 6 Grand Palisades, Shan Yin Road Tai Po, New Territories Hong Kong
Company's website	**www.ngachun.com.hk** *(information contained in this website does not form part of this prospectus)*
Audit committee	Dr. Leung Shiu Ki Albert *(Chairman)* Ir Ho Pun Hing Ir Szeto Ka Sing

Remuneration committee	Ir Ho Pun Hing *(Chairman)* Dr. Leung Shiu Ki Albert Ir Wong Chi Wai
Nomination committee	Mr. Fung Chi Wing *(Chairman)* Dr. Leung Shiu Ki Albert Ir Ho Pun Hing
Cayman Islands principal share registrar and transfer office	Appleby Trust (Cayman) Ltd. Clifton House 75 Fort Street, PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 10/F, HSBC Main Building 1 Queen's Road Central Hong Kong DBS Bank (Hong Kong) Limited 16/F, The Center 99 Queen's Road Central Hong Kong

Certain facts, statistics and data presented in this section and elsewhere in this prospectus have been derived, in part, from government official publications that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information is false or misleading. Whilst our Directors have taken all reasonable care to ensure that the relevant facts and statistics are accurately reproduced from the government official publications, such facts and statistics have not been independently verified by us, the Sponsor, the Underwriters, their respective affiliates, directors and advisers or any other parties involved in the Share Offer, and none of them makes any representation as to the accuracy or completeness of such information, which may not be consistent with other information available and may not be accurate and should not unduly relied upon.

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

REPORT CONDUCTED BY IPSOS HONG KONG LIMITED

We commissioned Ipsos Hong Kong Limited to conduct an analysis of, and to report on, the Building Services industry (including electrical installation works, air-conditioning installation works and fire services installation works) in Hong Kong for the period from 2009 to 2018. The information and analysis contained in the Ipsos Report was assessed independently by Ipsos Hong Kong Limited and Ipsos Hong Kong Limited, including all its subsidiaries, divisions and units, is not connected to our Group in any way. Ipsos Hong Kong Limited charged us a total fee of approximately HK$288,000 for the preparation and the use of the Ipsos Report, which our Directors consider to reflect market rates.

Ipsos Hong Kong Limited, being one of the worldwide offices of the Ipsos Group, is specialised in conducting researches across all industrial sectors including tourism, financial services, cosmetics, regional luxury and high net worth research.

The following assumptions are used in the Ipsos Report:

- It is assumed that there is no external shock such as financial crisis or natural disasters to affect the demand and supply of the Building Services industry over the forecast period.

- The supply of Building Services engineering works is expected to grow under government promotion such as the urban renewal projects and revitalising old buildings *(note)*.

Note: Old buildings refer to the buildings which are over 30 years old.

The following parameters are considered in the marketing sizing and forecast model of the Ipsos Report:

- GDP value and GDP growth rate in Hong Kong from 2009 to 2018.
- Gross output value of construction works performed by Main Contractors and subcontractors at construction sites in Hong Kong from 2009 to 2013.
- Total investment in building construction projects in Hong Kong from 2009 to 2013.
- Gross output value of Building Services engineering works in Hong Kong from 2009 to 2013.
- Public expenditure on infrastructure in Hong Kong from 2009 to 2013.
- Output value of building properties completed and under construction in Hong Kong from 2009 to 2018.
- Average fee per Building Services engineering work project in Hong Kong from 2009 to 2013.
- Price trend of key materials in Hong Kong from 2009 to 2013.
- Estimated number of registered workers in the Building Services industry in Hong Kong from 2009 to 2013.

MARKET OVERVIEW OF THE CONSTRUCTION INDUSTRY IN HONG KONG

Macroeconomic factors influencing the construction industry in Hong Kong

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

Increase in the demand for residential buildings

From 2009 to 2013, the number of applicants on the waiting list for the public rental housing initiative grew from about 114,400 to about 228,400, representing a CAGR of approximately 18.9%. The average waiting time was about 2.7 years for general applicants and about 1.5 years for elderly one person applicants. Therefore, with the Government's initiative to shorten the average waiting time for public rental housing applicants, the growth of the construction industry in Hong Kong will be driven by the planned construction of additional residential flats.

Increase in the number of enterprises

The number of newly registered local companies in 2013 hit a record high of about 174,031 from about 109,424 in 2009, representing a CAGR of about 12.3%; while newly registered non-Hong Kong companies increased at a CAGR of about 3.4% from approximately 683 in 2009 to approximately 780 in 2013. As there is still substantial demand for industrial and office space in Hong Kong from logistics, warehousing, back office, and other light industrial and commercial activities, great demand is expected to continue in the future which will stimulate both public and private investment in quality high-rise commercial buildings.

Government policies affecting the construction industry in Hong Kong

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

Increasing public expenditure on infrastructure

According to the 2014-15 Budget Speech, the Government is expected to increase its total public expenditure on infrastructure to about HK$78,165 million, which will be up by approximately 4.8% compared with 2013-14 infrastructure spending. Major projects including the Kai Tak Development and the Express Rail Link to Guangzhou and Shenzhen, will be a significant source of Hong Kong's future commercial land. It is anticipated to provide around 1.4 million square meters of commercial floor area, comprising hotel sites, in stages from 2016-17 over the next three years.

Initiatives in securing land for housing

According to the 2014 Policy Address, the Government has identified 150 sites for residential use, hoping to provide 210,000 public and private units over the next 5 years. In addition, the redevelopment of public housing estates will provide about 11,900 additional public rental housing and home ownership scheme units in the next 5 years. 34 residential sites are available for providing approximately 15,500 units in the 2014-15 land sale program; in particular, 24 out of the 34 residential sites are new. Therefore, the resumption of the land sale program will continue to contribute to the development of the construction and subsequently, the Building Services industry.

Buildings energy efficiency ordinance marks a big step towards a greener Hong Kong

In September 2012, the introduction of the Buildings Energy Efficiency Ordinance ("BEEO") protection as it sets a energy efficiency standard for Building Services installations such as electrical and air-conditioning in new buildings and existing buildings undergoing major retrofitting works. The BEEO also requires owners of commercial buildings to carry out energy audits to identify energy management opportunities. As buildings account for about 90% of the total electricity consumption in Hong Kong, improving buildings' energy efficiency will not only help promote energy efficiency as a whole, but also make a huge impact in reducing the city's greenhouse gas emissions.

MARKET OVERVIEW OF THE BUILDING SERVICES INDUSTRY IN HONG KONG

Recent development of the Building Services industry in Hong Kong

The Building Services industry is steering towards designing and installing more complex and more energy efficient systems for buildings in Hong Kong. The public's increasing awareness of energy efficiency, and indoor air quality and sustainability have triggered contractors in the Building Services industry to construct better heating, ventilation and air-conditioning systems. This is underlined by the fact that in 2013, approximately 60% of Building Services engineering expenditure was spent on the electrical design and installation of ventilation systems.

Some of the Ten Major Infrastructure Projects in Hong Kong such as the West Kowloon Cultural District, Kai Tak Development and North East New Territories New Development Areas have resulted in greater demand for Building Services engineering works. The increasing popularity of intelligent buildings such as the Hong Kong Central Library, International Commerce Centre etc. has also played a role in the industry. These buildings are technologically more advanced and provide a cost-effective built environment through the optimisation of structure, systems, services and management, in order to maximise the efficiency of its

occupants and allow effective management of resources with minimum life costs. Therefore, the design and installation work processes that go into the servicing of intelligent buildings are also more complicated.

Moreover, there were about 11,000 buildings in Hong Kong which are over 30 years old in 2013, which will reach 20,000 in 10 years. Building maintenance and renovation works are envisaged. This further escalates the need for greater provision of Building Services engineering works to be done for the foreseeable future.

Supply of Building Services in Hong Kong

As of June 2014, there were (i) over 6,000 contractors registered for the private sector, over 120 contractors registered for the public sector and 27 contractors registered for the public housing sector offering electrical and extra low voltage installation works; (ii) 174 contractors registered for the private sector and 64 contractors registered for the public sector offering air-conditioning and ventilation installation works; and (iii) over 300 contractors registered for the private sector, 55 contractors registered for the public sector and 15 contractors registered for the public housing sector offering fire services installation works.

The registered contractors in the Building Services industry in Hong Kong tend to focus on one or two types of Building Services engineering works, instead of providing a full scope of works

Amongst the registered contractors, there were only about 13 registered contractors being registered or on the lists of all of the followings, as of June 2014: Register of Specialist Contractors (sub-register of ventilation works category) under the Buildings Authority, Approved Suppliers of Materials and Specialist Contractors for air-conditioning installation works, Approved Suppliers of Materials and Specialist Contractors for electrical installation works, and Approved Suppliers of Materials and Specialist Contractors for fire service installation works under the Development Bureau, Certificate of Registration of Electrical Contractor (for electrical installation works) under EMSD, and Registered Fire Service Installation Contractor under Fire Services Department.

Moreover, there were only 15 contractors on the List of Fire Services and Water Pump Contractors and 27 contractors on the List of Electrical Contractors of the Housing Authority as of June 2014. The increasing number of ageing public rental housing, coupled with the rising number of new public rental housing, may result in insufficient supply of Building Services engineering works.

Demand for Building Services in Hong Kong

Main Contractors are the key customers of the Building Services industry

The Main Contractors tender building projects from the Government or property developers, who are the end consumers of the Building Services industry. The major segments of building properties in Hong Kong were residential, commercial and industrial buildings, and public facilities.

Commercial buildings, regarding completed building properties, have been the largest segment contributing to the Building Services industry with an average market shares of about 69.3% from 2009 to 2013, followed by public facilities, industrial buildings and residential buildings, with average market shares of about 24.1%, 6.2% and 0.4% respectively over the same period.

Regarding building properties under construction, commercial buildings have also been in the largest segment with an average market share of about 66.1% from 2009 to 2013, followed by public facilities, industrial buildings and residential buildings, with market shares of about 23.0%, 10.7%, and 0.2% respectively during the same period.

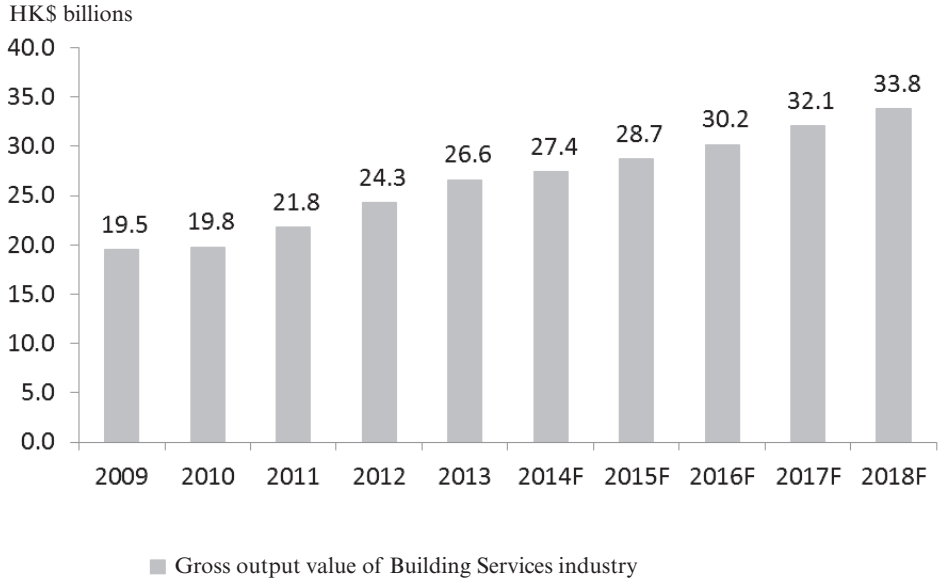
The major streams of revenue by types of works for the Building Services industry were fire services, air-conditioning and electrical and extra low voltage installation works. During 2009 and 2013, electrical and extra low voltage installation works have been the largest stream of revenue for the Building Services industry, followed by fire services and air-conditioning installation works. Their average market shares were about 82.4%, 10.6% and 7.0% respectively from 2009 to 2013.

Main Contractors require the specialist knowledge and expertise from Building Services contractors to complete building projects

Building projects often require the specialties from Building Services contractors in the fields of fire services, air-conditioning, electrical and extra low voltage installation works. Amassing over 66.4% of the industry output value, electrical and extra low voltage installation works are the most significant contributors of revenue to the Building Services industry in 2013. The former refers to the design and integration of circuitry, equipment for power generation, and distribution and safety control, whereas the latter refers to the design and integration of data networks, intercom systems, audio and video electronic systems, voice evacuation systems, and satellite/TV distribution.

Gross output value of the Building Services industry in Hong Kong

Estimated and actual gross output value of the Building Services industry in Hong Kong from 2009 to 2018



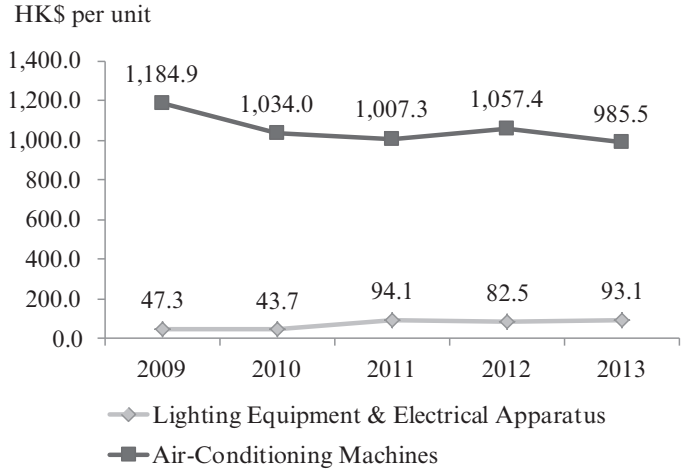
Sources: Construction Industry Council, HKSAR, Ipsos research and analysis

Gross output value of the Building Services industry increased from an estimated HK$19.5 billion to an estimated HK$26.6 billion from 2009 to 2013, at a CAGR of about 8.1%. Such significant growth in gross output value of the Building Services industry has been fuelled by the infrastructure projects, development of more efficient building systems and maintenance works for old buildings in Hong Kong.

From 2014 to 2018, gross output value of the Building Services industry is expected to increase further at a CAGR of about 5.4%. On overall from 2009 to 2018, the Building Services industry is expected to grow at a CAGR of 6.3%, mainly driven by public sector projects. The gross output value of the Building Services industry will reach its summit in 2014, 2015 and 2016 as the infrastructure projects near their peak stages and stabilise from thereon, supported by the government's commitment to providing a regular supply of public housing on a yearly basis until 2024.

Historical price trend of key materials for the Building Services industry in Hong Kong

Price trend of key materials in Hong Kong from 2009 to 2013



Sources: Census and Statistics Department, HKSAR; Ipsos research and analysis

Notes:

(1) Lighting equipment refers to electric lamps and lighting fittings.

(2) Air-conditioning machines includes window or wall types, self-contained.

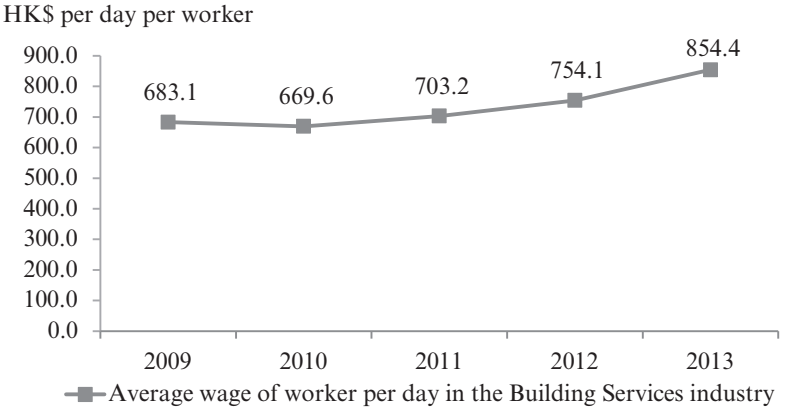
(3) Electrical apparatus are tools used for switching, protecting, connecting to or in electrical circuits.

The price surge in lighting equipment and electrical apparatus from 2009 to 2013 was a direct result of diseconomies of scale. The import quantity of lighting equipment and electrical apparatus fell from 30.4 million kg to 21.4 million kg at a rate of –29.6%.

The economies of scale in production enjoyed by electrical appliances manufacturers in Mainland China enabled prices to continually decline. Such increasing affordability also coincided with large import volumes as the number of air-conditioning units imported rose from 657.3 to 1,004.6 thousand units. As a result, from 2003 to 2012, the proportion of value of imports of electrical appliances also increased from 13.2% to 21.4% of total imports from Mainland China.

Historical price trend of worker wages in Building Services industry in Hong Kong

Price trend of worker wages in Hong Kong from 2009 to 2013



Notes: (1) Data as reported by Main Contractors. (2) Data is based on December of each year. (3) Data includes electrical fitter, mechanical fitter, air-conditioning mechanic, fire services mechanic, Building Services maintenance mechanic and cable jointer.

Sources: Census and Statistics Department, HKSAR; Ipsos research and analysis

The average wage of a worker per day in the Building Services industry grew from approximately HK$683.1 in 2009 to approximately HK$854.4 in 2013, at a CAGR of about 5.8%. Such increase was in part attributable to the enforcement of the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) which set the prescribed minimum hourly wage rate as HK$28 in 2011, which was revised upward to HK$30 in 2013, with a possible recommendation of upward revision to HK$32 in late 2014.

Moreover, with the shortage of labour supply in the overall construction industry in a time period where there were multiple construction projects undergoing, employers had shown willingness to increase wages in order to attract young talents to join the industry and lure experienced individuals to return to the industry.

Future trends and development of Building Services industry in Hong Kong

The future of the Building Services industry in Hong Kong will steer towards greener and more efficient building systems.

Striving towards an environmentally friendlier and a more safety conscious industry

Buildings in Hong Kong have undergone remarkable changes in its building design and construction since 1970s as building owners and occupants are keen on improving environmental health, human comfort and energy efficiency of buildings, resulting in the popularity of intelligent buildings. Social, economic and technological developments have aroused the public's consciousness and expectations on sustainable development issues, particularly on climate change, indoor environmental quality, waste reduction and public healthy and safety. The future of the Building Services industry will be driven by the introduction of greener and higher-performance building systems, such as the wider use of magnetic bearings, wireless sensors and controllers, low footprint and smart air-conditioning systems, smart grids, low carbon lifecycle lighting etc., and implement better public health and safety policies.

Electrical engineering sector will progress as the Hong Kong economy strengthens

The development of the electrical engineering sector has been relatively stable and adaptable to the economic impact. Qualified persons are always required by government's infrastructures and constructions as well as the private sector to perform periodic maintenance, repairs and inspection on all kinds of electricity systems in compliance with the statutory requirements. Electrical engineering talents, therefore, are always in demand. The sector also enjoyed the prosperity of the economic development. The demand for electrical and mechanical engineering personnel has become greater as the economy of Hong Kong recovers in recent years. It is expected that relevant projects will create a large number of electrical engineering job opportunities, making the industry an ever growing one.

Advancement in computer based software programs for building system design

The latest trend in computer based software programs used to assist building system design and analysis is the use of building information modeling, which may include 3D or 4D modeling. 3D building information modeling services enable building visualisation and preview of architectural structures and 4D building information modeling services allow for more informed decision making and better coordination between designers and builders, bearing in mind that time is an important factor in any building construction project.

COMPETITIVE LANDSCAPE OF THE BUILDING SERVICES INDUSTRY IN HONG KONG

Competition situation

Competition in the Building Services industry is highly fragmented, with over thousands of registered contractors in the overall industry in Hong Kong. Holding registrations under different authorities will enable contractors to gain advantage over competitors when tendering for Building Services engineering works. In the Building Services industry in Hong Kong, there are over 6,000 registered contractors in electrical and extra low voltage installation works, around 200 registered contractors in air-conditioning installation works and around 300 contractors in fire services installation works. Highly experienced senior management and project management teams, long-term relationships with customers, suppliers and subcontractors, and system accreditations under ISO are our Group's competitive advantages in the Building Services industry in Hong Kong.

The five largest registered contractors in the Building Services industry in Hong Kong in 2013, including our Group, accounted for approximately 29.8% or approximately HK$7,903.4 million of the total revenue of the Building Services companies in Hong Kong.

Factors of competition

Track record of delivering quality engineering works

The dominant players in the industry are often ones with the strongest track record. In an industry where results are judged on the quality of work and timeliness of delivery, past performances are the best indicator of future performances. Therefore, contractors with strong track records will instill greater confidence in Main Contractors in its ability to complete quality work in a timely manner and hence, the more likely they will be awarded with projects.

Experience and capabilities

Although there are many contractors in the Building Services industry, there are only around 20 firms that hold all the licenses from authorities in different sectors. The more licenses a contractor holds coincide with more experience and larger capabilities in carrying out

engineering works of different scales, as there are often prerequisites in applying for the licenses. Main Contractors also prefer seeking the services from Building Service engineering contractors who provide a one-stop service which encompasses the entire project scope which can reduce the Main Contractors' management effort and minimise coordination costs.

Cost control through building long term relationships with suppliers and subcontractors

By establishing a healthy network of suppliers and subcontractors, contractors will have the flexibility for pricing their services to Main Contractors, making them more competitive. A stable network will also reduce the risk of shortage of materials or delay in project delivery which will cause disruptions to the works. Aside from being more flexible with cost, having a strong network of suppliers and subcontractors will help to prevent contractor from paying claims resulting from delays.

Entry barriers of the Building Services industry in Hong Kong

Credible track record built over years of high quality of projects

Projects for Building Services contractors are offered based on the capabilities of the contractor but also, its track record. As an entrant into the Building Services industry, the lack of a credible track record will deter Main Contractors from extending tender invitations as the new contractor would be of unknown quality to the contractor. In an industry where quality, timeliness of delivery, among other aspects, are paramount, it would be less risky for Main Contractors to work with established firms in the industry and hence, prove difficult for new entrants to be mandated for projects.

Attracting experienced and qualified technical personnel

In order to register with authorities in the Building Services industry and carry out project works, a contractor will need to have the sufficient amount of technical staff members. In an industry where credibility is a major factor of consideration for Main Contractors when contracting work to Building Services contractors, having a team of experienced technical personnel will be crucial in assessing a contractor's credibility. Therefore, in order to enhance credibility, it will be essential for a new entrants to hire highly experienced personnel, which will be increasingly difficult in an industry where manpower is at a shortage.

Attainment of required registrations under different authorities for different types of works

To be eligible for registration to be included in the corresponding lists or registrars for different types of Building Services engineering works will require contractors to meet different types of requirements. For example, under the Development Bureau, to be eligible to register for Group III under the Approved List of Suppliers and Specialist Contractors, will require the contractor to meet prerequisites in job experience, such as "The applicant shall submit two contracts, which were completed within the past three years for site inspection — which exceeds 180% of the Group II tender limit", in technical staff, such as employing at least two technicians, four site supervisors, two draftsman, etc., in plant equipment, such as having a minimum of two computer-aided design ("CAD") terminals, and in office facilities, such as having a minimum of 100sqm. of office space and a minimum of 25sqm. of workshop. The culmination of these requirements mean that some of these requirements dictate that contractors will have to work their way through the different group levels in order to tender for contracts of higher values.

Opportunities of the Building Services industry in Hong Kong

Increasing environmental awareness provides opportunity for industry to innovate

The increasing sophistication of Building Services, to increase overall energy efficiency of buildings, will enable Building Services contractors to differentiate themselves from competitors through innovation in design and technology. Contractors that are able to design and implement more energy efficient building systems will gain greater market share in the industry.

Importance of fire service engineering will increase with more skyscrapers and high-rises in Hong Kong

As a discipline of the Building Services industry, the fire services engineering practitioners have actively participated in various infrastructure plans. In respect of the improvement of the fire safety of buildings, the practitioners in the industry including engineers, technicians, and skilled workers have paid different levels of efforts in building Hong Kong. In the future, there will be more new and high-rise buildings in Hong Kong and the demand for fire service installations and equipment will continue to change. The industry also needs to make continuous improvement accordingly, implying that fire service engineering sector will bear a greater responsibility.

Constant flow of projects in the next decade

The commitment to increase land supply for public housing construction and the resumption of land sale program will see steady output each year for residential units. These initiatives will inject more projects for the Building Services industry and provide steady growth for the industry for the next decade. Moreover, the increasing number of old buildings that will need maintenance and the revitalisation of industrial buildings throughout Hong Kong will also provide opportunities for contractors to gain market share in maintenance as well as building construction projects.

Threats of the Building Services industry in Hong Kong

Quoted project prices and delivery timeframes are based on estimations

With every project, contractors will need to estimate the work time and costs to determine the fees. However, there is no assurance that the actual work time and costs will not exceed the estimations during the implementation stage. There may be external factors that are out of the contractor's control that adversely affect their estimations, such as shortage of labor, cost escalation of materials and labor, etc. As a result, failure to complete deliverables according to specifications and quality standards may result in disputes, contract termination, liabilities or lower than anticipated returns.

Reliance on suppliers and contractors to deliver

As the Building Services contractors do not actually carry out the physical installation works, they rely on suppliers to source the materials in order to build the systems that they have designed and the subcontractors to carry out the installation aspect of the project. Moreover, supervision of subcontractors is often imperfect so therefore, any setbacks in the subcontracting phase may require the contractor to delay the deliverables or source the service at a higher price elsewhere.

Success of contractor depends on ability to attract and retain skilled staff

The human capital of any Building Services contractor lies within its people as they provide the solutions through designs in order to meet the customer's requirements and specifications. Therefore, if key staff personnel is lost and not replaced adequately or timely, it can have an adverse effect on the long term health of the contractor and its competitiveness.

The five largest Building Services companies in Hong Kong in 2013

The following table sets forth the information on the five largest Building Services companies (including our Group) in Hong Kong in 2013:

Rank	Name of company	Headquarter location	Revenue in 2013 (HK$ million)	Share of total industry revenue (%)	Key business coverage
1	Competitor A	Quarry Bay, Hong Kong	2,403.0	9.1	Building Services, plumbing and drainage
2	Competitor B	Cheung Sha Wan, Hong Kong	1,868.2	7.0	Building Services, security system, water plumbing
3	Competitor C	Chai Wan, Hong Kong	1,845.9	7.0	Building Services, mechanical plant and equipment installation
4	Competitor D	Kwai Chung, Hong Kong	1,204.8	4.5	Building Services, security system, water plumbing, environmental engineering
5	Our Group	Hung Hom, Hong Kong	581.5	2.2	Building Services engineering
	Others		18,656.6	70.2	
	Total		26,560.0	100.0	

Sources: Companies' annual reports; Ipsos interviews and analysis

Notes:

(1) The total revenue in 2013 is the total revenue generated from the whole Building Services industry in Hong Kong in 2013.

(2) The revenue of our Group disclosed in the table above represents our revenue for the year ended 31 March 2014.

Our Group is one of the five largest Building Services companies in Hong Kong and it has a market share of approximately 2.2% in terms of revenue in 2013.

HONG KONG LAWS

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

I. Laws and Regulations in relation to Construction Site Labour, Health and Safety

Factories and Industrial Undertakings Ordinance

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers in the industrial undertakings. Under the Factories and Industrial Undertakings Ordinance, it is the duty of a proprietor of an industrial undertaking to ensure, so far as is reasonably practicable, the health and safety at work of all persons employed by him at the industrial undertaking. The duties of a proprietor extend to include:

- providing and maintaining plant and work systems that do not endanger safety or health;
- making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;
- providing all necessary information, instructions, training and supervision for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy working environment.

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

Matters regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance, including the Construction Sites (Safety) Regulations (Chapter 59I of the laws of Hong Kong), include (i) the prohibition of employment of persons under 18 years of age (save for certain exceptions); (ii) the duty to ensure safety of places of work; (iii) the duty to comply with miscellaneous safety requirements; and (iv) provision of first aid facilities. Non-compliance with any of these rules commits an offence and different levels of penalty will be imposed and a contractor guilty of the relevant offence could be liable to a fine up to HK$200,000 and imprisonment up to 12 months.

Buildings Ordinance

The Building Authority keeps a register of general building contractors and a register of specialist contractors who are qualified to carry out the particular category of works under which they are entered.

Under section 13 of the Buildings Ordinance, the Building Authority may bring to the notice of a disciplinary board established under the ordinance if a registered general building contractor or a registered specialist contractor has committed, inter alia, the following misconduct:-

- conviction by any court of an offence relating to building works or street works;
- negligence or misconduct in building works or street works;
- any deviation in a material manner from a supervision plan without reasonable cause; or
- drawing up a supervision plan that does not comply with the material requirements of the Buildings Ordinance.

The Building Authority also has the power to refer the names of the directors, officers or any person appointed to act for the registered general building contractor or registered specialist contractor for the purposes of the Buildings Ordinance to the disciplinary board for its consideration and action.

Where, after due inquiry, the disciplinary board is satisfied that the registered contractor, or its directors or officers has been convicted, or has indeed committed the misconduct, the disciplinary board may impose a range of penalties on the relevant party depending on the severity of the misconduct. These penalties include:

- removing the name of the registered contractor, director or officer from the relevant register, either permanently or for such period as the disciplinary board thinks fit;
- fining the registered contractor, director or officer (in the case of building works other than minor works, a sum not exceeding HK$250,000);
- reprimanding the registered contractor, director or officer; or
- prohibiting a registered contractor from certifying or carrying out any minor works commenced under the simplified requirements, either permanently or for such periods as the disciplinary board thinks fit.

The party aggrieved by an order made by a disciplinary board under the Buildings Ordinance may appeal to a judge of the Court of First Instance.

Electricity Ordinance

Under the Electricity Ordinance, all electrical contractors carrying out electrical work have to be registered with the Director of Electrical and Mechanical Services. The Electricity Ordinance provides for the registration and regulation of the electrical contractor in order to protect the general public in the use of electricity. Any person,

not being a registered electrical contractor, who does business as an electrical contractor or contract to carry out electrical work within Hong Kong commits an offence and is liable on to a fine and imprisonment.

A person who wishes to register as an electrical contractor must satisfy the requirements set out in the Electricity (Registration) Regulations. To be qualified as a registered electrical contractor, an applicant must either employ at least one registered electrical worker or (i) if the applicant is an individual, he/she must be a registered electrical worker; or (ii) if the applicant is a partnership, at least one of the partners must be a registered electrical worker.

Failure to comply with the registration requirement constitutes an offence and is liable to conviction to a fine of HK$50,000 on a first conviction and a fine of HK$100,000 on a subsequent conviction for the same offence and in either case is liable to imprisonment for 6 months.

Fire Service Ordinance

Pursuant to Regulation 3(1) of Fire Service (Installation Contractors) Regulations (Cap.95A), a contractor which has at least a director, partner or employee who is (i) 21 years of age or more; (ii) resident in Hong Kong; and (iii) holding qualifications specified in Regulation 4(2) or (3) of the Fire Services (Installation Contractors) Regulations, may apply to the Director of Fire Services for registration as a registered fire service installation contractor in classes 1 and 2.

Please refer to the paragraph headed "III. Contractor Licensing/Registration Regime" for details of services that are allowed to be carried out by each class of fire service installation contractor.

A registered contractor who undertakes any work in connection with fire service installations or equipment, except work of the class in respect of which his name is entered in the register, shall be guilty of an offence and is liable to conviction and a fine of HK$10,000.

Occupational Safety and Health Ordinance

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

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

- provision and maintenance of plant and systems of work that are safe and without risks to health;
- making of arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;

- as regards any workplace under the employer's control:
- maintenance of the workplace in a condition that is safe and without risks to health;
- provision and maintenance of means of access to and egress from the workplace that are safe and without any such risks;
- providing all necessary information, instructions, training and supervision for ensuring safety and health; and
- provision and maintenance of a working environment for the employer's employees that is safe and without risks to health.

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

The Commission for Labour may also issue an improvement notice against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance or suspension notice against activity or condition of workplace which may create imminent risk of death or serious bodily injury. Failure to comply with such notice without reasonable excuse constitutes an offence punishable by a fine of HK$200,000 and HK$500,000 respectively and imprisonment of up to 12 months.

Employees' Compensation Ordinance

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

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

According to section 24 of the Employees' Compensation Ordinance, a principal contractor shall be liable to pay compensation to sub-contractors' employees who are injured in the course of their employment to the sub-contractor. The principal contractor is, nonetheless, entitled to be indemnified by the sub-contractor who would

have been liable to pay compensation to the injured employee. The employees in question are required to serve a notice in writing on the principal contractor before making any claim or application against such principal contractor.

Pursuant to section 40 of the Employees' Compensation Ordinance, all employers (including contractors and sub-contractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). Where a principal contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK$200 million per event to cover his liability and that of his sub-contractor(s) under the Employees' Compensation Ordinance and at common law.

An employer who fails to comply with this ordinance to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK$100,000) and to imprisonment for 2 years.

Employment Ordinance

A principal contractor shall be subject to the provisions on sub-contractor's employees' wages in the Employment Ordinance. According to section 43C of the Employment Ordinance, a principal contractor or a principal contractor and every superior sub-contractor jointly and severally is/are liable to pay any wages that become due to an employee who is employed by a sub-contractor on any work which the sub-contractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance. The liability of a principal contractor and superior sub-contractor (where applicable) shall be limited (a) to the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform and whose place of employment is wholly on the site of the building works; and (b) to the wages due to such an employee for 2 months (such months shall be the first 2 months of the period in respect of which the wages are due). An employee who has outstanding wage payments from sub-contractor must serve a notice in writing on the principal contractor within 60 days after the wage due date. A principal contractor and superior sub-contractor (where applicable) shall not be liable to pay any wages to the employee of the sub-contractor if that employee fails to serve a notice on the principal contractor.

Upon receipt of such notice from the relevant employee, a principal contractor shall, within 14 days after receipt of the notice, serve a copy of the notice on every superior subcontractor to that sub-contractor (where applicable) of whom he is aware. A principal contractor who without reasonable excuse fails to serve notice on the superior subcontractor(s) shall be guilty of an offence and shall be liable on conviction to a fine at level 5 (currently at HK$50,000).

Pursuant to section 43F of the Employment Ordinance, if a principal contractor or superior sub-contractor pays to an employee any wages under section 43C of Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior sub-contractor, as the case may be.

The principal contractor or superior sub-contractor may either (1) claim contribution from every superior sub-contractor to the employee's employer or from the principal contractor and every other such superior sub-contractor as the case may be, or (2) deduct by way of setoff the amount paid by him from any sum due or may become due to the sub-contractor in respect of the work that he has sub-contracted.

Occupiers Liability Ordinance

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

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

Immigration Ordinance

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

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

Minimum Wage Ordinance

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK$30 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by this ordinance is void.

II. Laws and Regulations in relation to Environmental Protection

Air Pollution Control Ordinance

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

A contractor shall observe and comply with the Air Pollution Control Ordinance and its subsidiary regulations, including without limitation the Air Pollution Control (Open Burning) Regulation (Chapter 311O of the Laws of Hong Kong), the Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong) and the Air Pollution Control (Smoke) Regulations (Chapter 311C of the Laws of Hong Kong). The contractor responsible for a construction site shall devise, arrange methods of working and carry out the works in such a manner so as to minimise dust impacts on the surrounding environment, and shall provide experienced personnel with suitable training to ensure that these methods are implemented. Asbestos control provisions in the Air Pollution Control Ordinance require that building works involving asbestos must be conducted only by registered qualified personnel and under the supervision of a registered consultant.

Noise Control Ordinance

The Noise Control Ordinance controls, among others, the noise from construction, industrial and commercial activities. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out construction works.

Under the Noise Control Ordinance, construction works that produce noises and the use of powered mechanical equipment in populated areas are not allowed between 7:00 p.m. and 7:00 a.m. or at any time on general holidays, unless prior approval has been granted by the Director of the Environmental Protection Department through the construction noise permit system. The use of certain equipment is also subject to restrictions.

Any person who carries out any construction work except as permitted is liable on first conviction to a fine of HK$100,000 and on subsequent convictions to a fine of HK$200,000, and in any case to a fine of HK$20,000 for each day during which the offence continues.

Waste Disposal Ordinance

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

A contractor shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations, including without limitation the Waste Disposal (Charges for Disposal of Construction Waste) Regulation and the Waste Disposal (Chemical Waste) (General) Regulation.

Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, construction waste can only be disposed at prescribed facilities and a main contractor who undertakes construction work with a value of HK$1 million or

above will be required, within 21 days after being awarded the contract, to establish a billing account in respect of that particular contract with the Director of the Environmental Protection Department to pay any disposal charges for the construction waste generated from the construction work under that contract.

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

Under the Waste Disposal Ordinance, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Director of the Environmental Protection Department. A person who except under and in accordance with a permit or authorisation, does, causes or allows another person to do anything for which such a permit or authorisation is required commits an offence and is liable to a fine of HK$200,000 and to imprisonment for 6 months for the first offence, and to a fine of HK$500,000 and to imprisonment for 2 years for a second or subsequent offence.

Environmental Impact Assessment Ordinance

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

According to the Environmental Impact Assessment Ordinance, a person commits an offence if he constructs or operates a designated project as listed in Part I of Schedule 2 of the Environmental Impact Assessment Ordinance (which includes roads, railways and depots, dredging operation, residential and other developments, etc.) or decommissions a designated project listed in Part II of Schedule 2 of the Ordinance without an environmental permit for the project; or contrary to the conditions, if any, set out in the permit. The offender is liable (a) on a first conviction on indictment to a fine of HK$2,000,000 and to imprisonment for 6 months; (b) on a second or subsequent conviction on indictment to a fine of HK$5,000,000 and to imprisonment for 2 years; (c) on a first summary conviction to a fine at level 6 (currently at HK$100,000) and to imprisonment for 6 months; (d) on a second or subsequent summary conviction to a fine of HK$1,000,000 and to imprisonment for 1 year, and in any case where the offence is of a continuing nature, the court or magistrate may impose a fine of HK$10,000 for each day on which he is satisfied the offence continued.

III. Contractor Licensing/Registration Regime

Specific Requirements for Undertaking Air-conditioning Installation, Electrical Installation and Fire Service Installation Projects in Public Sector

A contractor who wishes to undertake public works must apply to be included in either or both of the List and the Specialist List maintained by the Development Bureau. The List comprises contractors who are approved for carrying out public works in one or more of the five major categories of building and civil engineering works. The Specialist List comprises suppliers and contractors who are approved for carrying out public works in one or more of 50 categories of specialist works. Fungs E & M is included in the following categories of specialist works on the Specialist List:-

Category	Group	Scope of Category
Air-conditioning Installation	II (Probationary)	The supply, installation and maintenance of air-conditioning installations comprising chillers, refrigeration systems, heat rejection plant, pipeworks, water handling equipment, air ducts, air handling equipment, thermal insulation, control and monitoring system, etc.
Electrical Installation	III (Confirmed)	The supply, installation and maintenance of low voltage electrical installation comprising incoming electricity supply, main and sub-main distribution system, final circuits, power points, lighting points, lighting fittings, electrical appliances, lightning protection, earthing system, etc. for building and amenity projects.
Fire Service Installation	I (Confirmed)	The supply, installation and maintenance of fire service installations comprising sprinkler system, fire hydrant/hose reel system, manual and automatic fire alarm system, etc. for building and amenity projects.

Contractors in some of the categories on the Specialist List, are further divided into Groups I and II, or Groups I, II and III according to the value of contracts for which they are normally eligible to tender. The following sets out the authorised contract sum for each of the groups within the categories of air-conditioning installation, electrical installation and fire services installation:-

Category	Group	Authorised Contract Sum
Air-conditioning Installation	I	Contracts/subcontracts of up to HK$5.7 million
	II	Contracts/subcontracts of unlimited value
Electrical Installation	I	Contracts/subcontracts of up to HK$2.3 million
	II	Contracts/subcontracts of up to HK$5.7 million
	III	Contracts/subcontracts of unlimited value
Fire Service Installation	I	Contracts/subcontracts of up to HK$2.3 million
	II	Contracts/subcontracts of unlimited value

In general, contractors are required to meet the financial, technical, management, personal and safety criteria applicable to their appropriate category and group for admission and retention on the Specialist List. For retention on the Specialist List, a contractor should generally possess at least a positive capital value. In addition, a contractor is required to maintain certain minimum levels of employed and working capital applicable to the appropriate category and group. To be retained on the electrical installation category (Group III) of the Specialist List, a contractor must satisfy the requirement of having minimum employed capital of HK$4,700,000 and minimum working capital of HK$3,400,000. On the other hand, to be retained on the category of Fire Service Installation (Group I), a contractor must satisfy the requirement of having a minimum employed capital of HK$570,000 and minimum working capital of HK$570,000.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, Fungs E & M has met the criteria and requirements on retention on the Specialist List that are applicable to it.

Some categories of works on the Specialist List have probationary status. Probationary contractors are eligible to tender for the award of contracts in each of the categories or groups to which they have been admitted on probation, subject to the rules set out in the Contractor Management Handbook published by the Development Bureau in December 2013. Fungs E & M, as a probationary contractor for the air-conditioning category (Group II), is eligible for the award of any number of Group I contracts/subcontracts; and a maximum of two Group II contracts/subcontracts provided that the total value of Group II works does not exceed HK$20 million.

A probationary contractor may apply for "confirmed" status after the satisfactory completion of works appropriate to its probationary status. To be promoted and retained as an approved contractor with a confirmed status on the air-conditioning installation category (Group II) of the Specialist List, the contractor must meet the following requirements:-

(1) Minimum employed capital

HK$4,700,000

(2) Minimum working capital

HK$3,400,000

(3) Other requirements

(i) Satisfactory completion, within the past 12 months, of at least one public works contract led by a Works Department;

(ii) The contract shall be a direct contract signed between our Company and the employer of the concerned project; and

(iii) The scope of work for the contract must fulfill the following requirements:-

(a) Contract value of the work related to the category under application for confirmation exceeds Group I tender limit;

(b) The contract shall cover the major scope of works as described in the Scope of Category for the air-conditioning installation category;

(c) The air-conditioning installation shall be of central type, which shall include chiller, chilled water pipeworks, pumps, air-handling equipment, etc. and the cooling capacity of the chillers is not less than 1000kw; and

(d) The contract shall be of a completely new building construction or a whole building refurbishment; and

(e) If the contract is a term contract, all of the above requirements shall be fulfilled in one works order.

(iv) Subcontract will not be considered as valid job reference unless it can satisfy all of the following requirements, in addition to all of the requirements stated in (iii):-

(a) The subcontract shall include all the relevant work as described in the Scope of Category;

(b) The contractor shall have undertaken the full scope of work covered in the subcontract, solely and fully, including the contract management;

(c) The subcontract shall be signed between our Company and the main contractor which is the company awarded with the direct contract by the employer of the concerned project; and

(d) The aforementioned main contractor shall not be the air-conditioning installation contractor for the project work.

Specific Requirements for Undertaking HA Projects

The HA plans, builds, manages and maintains different types of public housing, including rental housing estates, interim housing estates, and transit centres. In addition, the HA owns and operates some flatted factories and ancillary commercial and other non-domestic facilities. If a contractor wishes to carry out electrical works for the HA, it must be included in the List of Electrical Contractors which is administered by the HA pursuant to section 33 of the Electricity Ordinance (Cap.406).

Electrical contractors registered under the Electricity Ordinance are eligible to tender for works contracts or nominated sub-contracts of unlimited value in the category of electrical installations in residential, commercial and institutional buildings.

For admission or retention on the List of Electrical Contractors, a contractor is required to possess ISO 9001, ISO 14001 and OHSAS 18001 Certificates which cover the minimum scope of supply, installation and maintenance of electrical systems. It must also meet the requirements for minimum working capital and minimum employed capital, and directly employ a minimum number of staff holding professional qualifications as prescribed in the Guide to Registration of Works Contractors and Property Management Services Providers - Part II Specific Guidelines for Electrical Contractors (December 2013 Revision). To be retained on the List of Electrical Contractors, a contractor must satisfy the requirement of having minimum employed capital of HK$4,700,000 or 10% of total asset, whichever is higher and minimum working capital of HK$3,400,000 or the higher of (i) 15% of the outstanding works (if contractor has either employed capital or working capital under HK$4,200,000; (ii) 10% of outstanding works (if contractor has both employed capital and working capital not less than HK$4,200,000 respectively); or (iii) 8% on first HK$800,000,000

of outstanding works and 10% on reminder (if the contractor is also a New Works Group "NW2" building contractor on the list of building contractors maintained by the HA).

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, Fungs E & M has met the criteria and requirements for retention on the List of Electrical Contractors.

An electrical contractor registered under the Electricity Ordinance on probationary status shall be restricted to undertake not more than 2 electrical installations or improvement/maintenance works contracts or nominated sub-contracts at any one time. The two contracts/nominated sub-contracts shall include not more than one new works contract or nominated sub-contract.

Probationary contractors may apply for confirmed status, within 3 years after a lapse of 3 months from the date of satisfactory completion of:

(i) one HA new works contract or one nominated sub-contract to an HA new works contract for electrical installation awarded after inclusion in the List of Electrical Contractors; or

(ii) in case there is no relevant HA contract available, the following shall apply:

one relevant local non-HA project which should be a relevant local contract/ sub-contract of comparable size and complexity with other major clients such as Development Bureau, public organisations or private developers in Hong Kong awarded following inclusion in the List of Electrical Contractors.

Basic Requirements for Undertaking Ventilation Works in Private Sectors

Under the current contractors' registration system in Hong Kong which is governed by the Buildings Ordinance (Cap.123), a contractor must be registered with the Building Authority as a general building contractor, a specialist contractor, or, a minor works contractor. Registered general building contractors may carry out general building works and street works which do not include any specialised works designated for registered specialist contractors. Currently, there are five category of works designated as specialised works:-

(a) Demolition works;

(b) Foundation works;

(c) Ground investigation field works;

(d) Site formation works; and

(e) Ventilation works.

Fungs E & M is registered as a Specialist Contractor in the ventilation works category. Pursuant to the Building (Ventilating Systems) Regulations (Cap.123J), the scope of work in this category covers every ventilating system that embodies the use of ducting and trunking, which passes through any wall, floor or ceiling of the building in which the ventilating system is installed, from on compartment of such building to another.

Under section 8B(2) of the Buildings Ordinance, an applicant for registration as a registered general building contractor or registered specialist contractor must satisfy the Building Authority on the following aspects:

(a) if it is a corporation, the adequacy of its management structure;

(b) the appropriate experience and qualifications of its personnel;

(c) its ability to have access to plants and resources; and

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

In considering each application, the Building Authority is to have regard to the qualifications, competence and experience of the following key personnel of the applicant:

(a) a minimum of one person appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance, hereinafter referred to as an 'Authorised Signatory';

(b) for a corporation — a minimum of one director from the board of directors of the applicant, hereinafter referred to as a 'Technical Director' who is authorised by the board to:

  (i) have access to plant and resources;

  (ii) provide technical and financial support for the execution of building works and street works;

  (iii) make decisions for the company and supervise the Authorised Signatory and other personnel; for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance; and

(c) for a corporation which appoints a director who does not possess the required qualification or experience as Technical Director to manage the carrying out of building works and street works — an 'Other Officer' authorised by the board of directors to assist the Technical Director.

Ir Wong Chi Wai, our chief executive officer and executive Director, is appointed as the Authorised Signatory and Technical Director to act for the purpose of the Buildings Ordinance for Fungs E & M. Ir Wong holds bachelor and master degrees in engineering and has over 15 years of local experience in managing ventilation contracting works to meet the minimum requirements on the qualifications and experience of a Technical Director and Authorised Signatory as prescribed in Appendix 1 of the Building Authority's Guidance Notes for Applicants on Registration as General Building Contractors/Specialist Contractors.

Should Ir Wong Chi Wai retire or resign, we believe that our Group will be able to find a replacement for Ir Wong from within our Group as we have more than one senior project officers who are chartered engineers with the required experience and qualifications to apply for the position of Technical Director and be appointed as the Authorised Signatory under the Buildings Ordinance. Alternatively, we may hire a replacement for Ir Wong externally as there are candidates in the job market whose experience and qualifications are fit for the position of Technical Director and Authorised Signatory.

In addition to the above key personnel, the applicant is also required to demonstrate that it has employed appropriate qualified staff to assist the applicant and the above key personnel to execute, manage and supervise the building works and street works.

For registration as a registered specialist contractor, the applicant must satisfy the Building Authority that it has the necessary experience and, where appropriate, professional and academic qualifications, to undertake work in the specialist category and should also demonstrate that it has access to qualified persons to carry out the relevant specialised duties, for ventilation works.

Under section 8C(2) of the Buildings Ordinance, a registered contractor should apply to the Building Authority for renewal of registration not earlier than 4 months and not later than 28 days prior to the date of expiry of the registration.

Basic Requirements for Undertaking Electrical Work on Fixed Installations in Public and Private Sectors

All contractors engaged in electrical work on fixed installations must be registered with the EMSD.

To be qualified as a registered electrical contractor, an applicant must either employ at least one registered electrical worker or:

(i) if the applicant is an individual, he/she must be a registered electrical worker; or

(ii) if the applicant is a partnership, at least one of the partners must be a registered electrical worker.

Under regulation 13 of the Electricity (Registration) Regulations, a registered contractor should apply to the Director of EMSD for renewal of registration at least one month before and no earlier than four months before the date of expiry of the registration.

Basic Requirements for Undertaking Fire Service Installation Works in Public and Private Sectors

Pursuant to Regulation 3(1) of Fire Service (Installation Contractors) Regulations (Cap.95A), a contractor which has at least a director, partner or employee who is:

(a) 21 years of age or more;

(b) resident in Hong Kong; and

(c) holding qualifications specified in Regulation 4(2) and (3) of the Fire Service (Installation Contractors) Regulations,

may apply to the Director of Fire Services for registration as a registered fire service installation contractor in classes 1 and 2.

A registered fire service installation contractor in class 1 is fit to install, maintain, repair and inspect any fire service installation or equipment (other than portable equipment) which contains an electrical circuit or other apparatus for the detection and warning, by alarm or otherwise, or smoke or fire.

A registered fire service installation contractor in class 2 is fit to install, maintain, repair and inspect any fire service installation or equipment (other than portable equipment) which contains:

(a) pipes and fittings designed or adapted to carry water or some other fire extinguishing medium; or

(b) any type of electrical apparatus other than those specified in class 1.

Regulatory actions against contractors by the Development Bureau and the HA

The Development Bureau and the HA may take regulatory actions against contractors for failure to meet the financial criteria within prescribed time, unsatisfactory performance, misconduct or suspected misconduct, poor site safety record, and poor environmental performance, court convictions such as contravention of site safety legislation and Employment Ordinance and employment of illegal works etc.

For instance, if a qualified contractor is convicted of a series of safety or environmental offences within a short period of time in a project, or if a fatal construction accident occurs at a construction site for which the contractor is responsible, the Government may take regulatory actions against the responsible contractor, which include the removal, suspension (which means a contractor is

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

Written resolutions passed by our sole Shareholder

Pursuant to the written resolutions passed by our sole Shareholder on 22 September 2014, the proposed Listing is conditional upon, among others, the satisfaction of all of the following conditions: (i) the Listing Committee granting the approval of the Listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer and Shares which fall to be allotted and issued upon the exercise of the Offer Size Adjustment Option and upon the exercise of any options which may be granted under the Share Option Scheme (and such Listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange); (ii) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements; and (iii) the Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date. For more details, please refer to the paragraph headed "Structure and Conditions of the Share Offer — Conditions of the Share Offer" of this prospectus.

OUR HISTORY

Fungs E & M was founded by Mr. Fung and his two brothers, Mr. Fung Chuen and Mr. Fung Chi Kwong in 1994 to carry out Building Services engineering works. They shared the management of Fungs E & M and together oversaw its day-to-day operations. Mr. Fung Chi Kwong retired from his role in Fungs E & M in 2008.

Throughout the years, Fungs E & M has successfully obtained a number of licences and qualifications as approved specialist contractor in the areas of electrical, mechanical, ventilation, air-conditioning, and fire services installations from different government bureaux and departments. For example, Fungs E & M was granted a Group II licence as Approved Suppliers of Materials and Specialist Contractors for Public Works on electrical installation category in 1996, which has enabled it to bid for public works contracts or subcontracts of up to HK$5.7 million. In 2000 and 2001 respectively, Fungs E & M obtained a Certificate of Registration of Specialist Contractor for ventilation category from the Building Authority and a confirmed Group I Licence as Approved Suppliers of Materials and Specialist Contractors for Public Works on air-conditioning and refrigeration installations category from the Works Bureau with which it can tender for both public or private ventilation works projects.

Since 2000, Fungs E & M has begun to undertake increasingly large scale Government Projects as registered contractor. For example, it acted as a contractor for a term contract to undertake Building Services engineering works for government and subvented properties between 2006 and 2008 which we billed over HK$450 million in revenue. Fungs E & M also acted as a contractor for a term contract of a governmental authority to undertake Building Services engineering works in New Territories East and West between 2010 and 2013 which we billed approximately HK$200 million in revenue for our Group.

As at the Latest Practicable Date, Fungs E & M has grown to a team of 79 staff, including six chartered engineers. Our Group is looking to provide quality services in Building Services engineering projects for both public and private sectors.

The following sets forth the significant milestones in our Group's history:

Year	Event
1994	Fungs Electrical Engineering Company Limited, the predecessor of Fungs E & M, was incorporated as a limited company in Hong Kong
1996	Our quality assurance system was first accredited by HKQAA with ISO 9002: 1994 certification
	Fungs E & M obtained a confirmed Group II licence as Approved Suppliers of Materials and Specialist Contractors for Public Works on electrical installations category from the Works Bureau
1999	Fungs E & M obtained a Certificate of Registered Fire Service Installation Contractor Classes 1 and 2 from Fire Services Department

Year	Event
2000	Fungs Electrical Engineering Company Limited obtained a Certificate of Registration of Specialist Contractor for ventilation category from the Building Authority
2001	Fungs Electrical Engineering Company Limited obtained a confirmed Group I licence as Approved Suppliers of Materials and Specialist Contractors for Public Works on air-conditioning and refrigeration installations category from the Works Bureau
	Fungs Electrical Engineering Company Limited obtained a confirmed Group III licence as Approved Suppliers of Materials and Specialist Contractors for Public Works on electrical installations category from the Works Bureau
2003	Fungs Electrical Engineering Company Limited obtained a confirmed Group I licence as Approved Suppliers of Materials and Specialist Contractors for Public Works on fire service installation category from the Works Bureau
2004	Fungs Electrical Engineering Company Limited was renamed into Fungs E & M
2006	Our management system was first accredited by SGS with ISO 9001 : 2000 certification
2006	Fungs E & M acted as a contractor for a term contract to undertake Building Services engineering works for government and subvented properties which we billed over HK$450 million
2007	Fungs E & M acted as a contractor for a term contract of a governmental authority to undertake Building Services engineering works in New Territories East and West which we billed over HK$130 million
2009	Our management system was first accredited by SGS with ISO 9001 : 2008 certification
2010	Fungs E & M acted as a contractor for a term contract of a governmental authority to undertake Building Services engineering works in New Territories East and West which generated approximately HK$200 million
	Fungs E & M acted as a contractor for a term contract of a governmental authority to undertake Building Services engineering works in Kowloon West which we billed over HK$150 million
2011	Vantage, one of our Controlling Shareholders, purchased 40% shares in Team Great through its indirect wholly-owned subsidiary, Globetrade

Year	Event
2012	Our quality management system was accredited by ACIL with ISO 9001 : 2008 certification
2013	Our environmental management system was first accredited by ACIL with ISO 14001 : 2004 certification
	Our occupational health and safety management system was first accredited by ACIL with OHSAS 18001 : 2007 certification
	Fungs E & M obtained a probationary Group II licence as Approved Suppliers of Materials and Specialist Contractors for Public Works on air-conditioning installation category from the Development Bureau
2014	Fungs E & M was admitted to the Housing Authority List of Electrical Contractors with probationary status

OUR GROUP PRIOR TO REORGANISATION

The following entity is the company comprising our Group prior to the commencement of the Reorganisation.

Fungs E & M

Fungs E & M, being the operating entity of our Group prior to the Reorganisation, was incorporated in Hong Kong with limited liability on 28 July 1994. Fungs E & M is principally engaged in Building Services engineering works. At incorporation, Fungs E & M had an authorised and issued share capital of HK$600,000.00 divided into 600,000 shares of HK$1.00 each. Mr. Fung, Mr. Fung Chuen and Mr. Fung Chi Kwong were each initially allotted 200,000 shares at HK$1.00 for each share, the consideration of which was paid in cash through their respective financial resources.

On 8 March 1996, Fungs E & M increased its authorised and issued share capital from HK$600,000.00 to HK$2,400,000.00, creating an additional 1,800,000 shares. Mr. Fung, Mr. Fung Chuen and Mr. Fung Chi Kwong were each allotted 600,000 new shares in Fungs E & M at par value, the consideration of which was paid in cash through their respective financial resources.

On 12 November 2002, Fungs E & M increased its authorised and issued share capital from HK$2,400,000.00 to HK$4,500,000.00, creating an additional 2,100,000 shares. On the same day, HK$2,100,000.00 was capitalised from the retained profits of Fungs E & M and applied in payment in full for the 2,100,000 unissued shares in Fungs E & M. Such 2,100,000 new shares, credited as fully paid up, were then issued and allotted and distributed to Mr. Fung, Mr. Fung Chuen and Mr. Fung Chi Kwong, the then existing shareholders of Fungs E & M on a pro-rata basis by way of a dividend in specie.

On 26 January 2010, Fungs E & M increased its authorised and issued share capital from HK$4,500,000.00 to HK$4,800,000.00, creating an additional 300,000 shares. On 27 January 2010, Mr. Fung, Mr. Fung Chuen and Mr. Fung Chi Kwong were each allotted 100,000 new shares in Fungs E & M, the consideration of which was paid in cash through their respective financial resources.

On 6 July 2010, Mr. Fung Chi Kwong transferred 800,000 shares, representing half of his 33.33% shareholdings in Fungs E & M to each of Mr. Fung and Mr. Fung Chuen for a total consideration of approximately HK$4.1 million. The consideration was based on the net asset value of the company as at 31 March 2010. Upon the transfer, Mr. Fung and Mr. Fung Chuen each held 2,400,000 shares, representing 50% shareholdings in Fungs E & M.

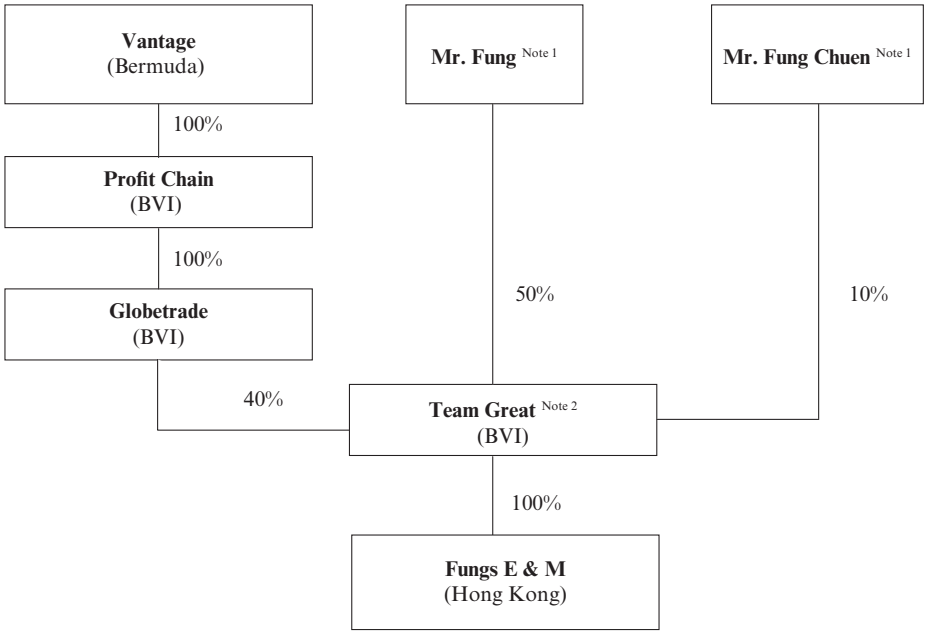
On 28 September 2011, Mr. Fung and Mr. Fung Chuen each transferred their 50% shareholdings in Fungs E & M to Team Great at a nominal consideration of HK$0.50 for each of the transfers. Upon the completion of such transfers, Fungs E & M became a wholly-owned subsidiary of Team Great. The said transfers were properly and legally completed and settled. The then shareholders of Team Great were Mr. Fung and Mr. Fung Chuen, each of them owned half of the issued shares of Team Great.

On 2 December 2011, Mr. Fung Chuen transferred a total of 40 shares, representing 40% shareholdings in Team Great to Globetrade for a consideration of HK$55.2 million which was determined with reference to the historical performance of Fungs E & M and the strategic advantage i.e. synergy expected to be achieved by the then vertical integration of Fungs E & M through such transfer. Upon the transfer and prior to the Reorganisation, Team Great was owned as to 50% by Mr. Fung, as to 40% by Globetrade and as to 10% by Mr. Fung Chuen. The said issue, allotment, and transfer were properly and legally completed and settled. As at the Latest Practicable Date, each of Mr. Fung and Vantage (through its wholly-owned subsidiary, Globetrade) was entitled to nominate one person to act as a director of Team Great while Mr. Fung Chuen was not entitled to nominate any person to act as director of Team Great.

The shares of Fungs E & M have no nominal value pursuant to section 135(1) of the Companies Ordinance which commenced operation on 3 March 2014.

GROUP STRUCTURE PRIOR TO REORGANISATION

The shareholding and corporate structure of our Group immediately prior to the Reorganisation is set out in the chart below:



Notes:

1. Mr. Fung and Mr. Fung Chuen are brothers.

2. As at the Latest Practicable Date, each of Mr. Fung and Globetrade was entitled to nominate one person to act as a director of Team Great while Mr. Fung Chuen was not entitled to nominate any person to act as director of Team Great.

CORPORATE REORGANISATION

We reorganised our corporate structure in preparation for and in connection with the Listing and the Share Offer. Following the Reorganisation, our Company became the holding company of our Group. The steps of the Reorganisation are set out below.

Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 May 2014. Our Company is registered as a non-Hong Kong company under Part 16 of the Companies Ordinance and will act as the ultimate holding company of our Group upon completion of the Reorganisation. At incorporation, the authorised share capital of our Company was HK$370,000.00 divided into 37,000,000 shares of HK$0.01 each.

On the date of incorporation, 1 fully paid Share was allotted and issued to Reid Services Limited which was transferred to Team Great on 13 June 2014 at par value. The said issue, allotment and transfer were properly and legally completed and settled.

Incorporation of Master Grand

Master Grand was incorporated in the BVI with limited liability on 19 May 2014. At incorporation, Master Grand was authorised to issue a maximum amount of 50,000 shares of US$1.00 each.

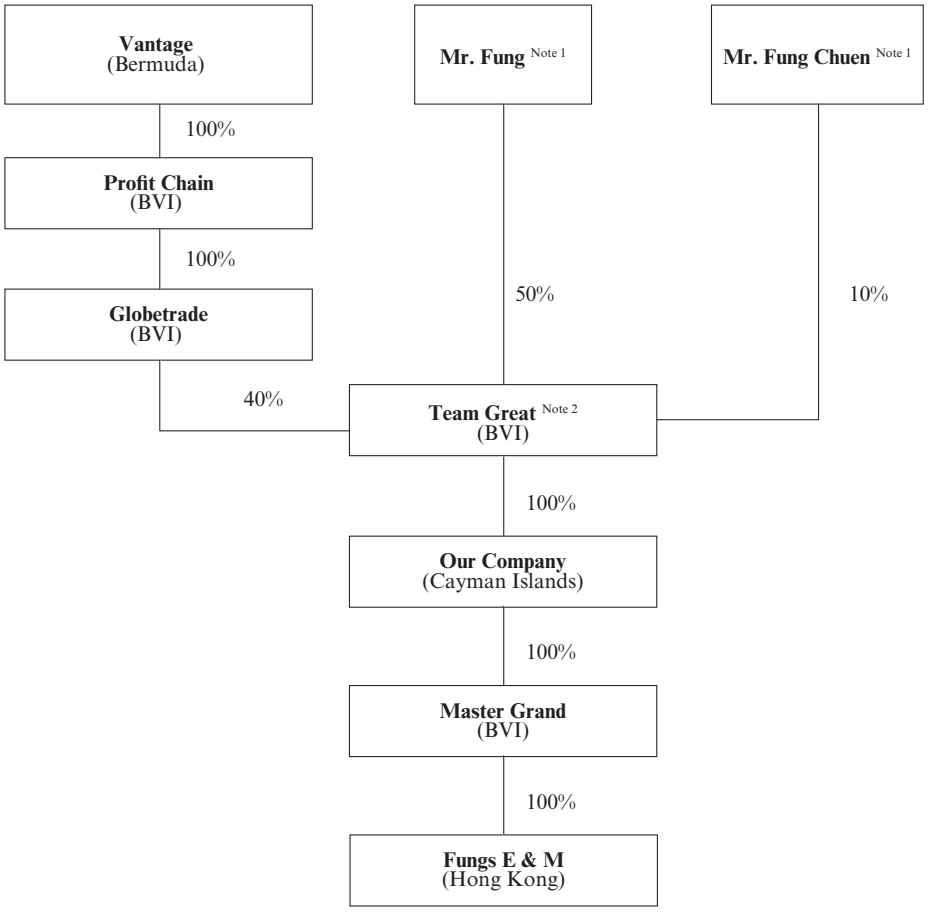
On 13 June 2014, 100 shares in Master Grand were allotted and issued as fully paid to our Company at par value. The said issue and allotment were properly and legally completed and settled.

Transfer of shares in Fungs E & M to Master Grand

On 22 September 2014, Team Great as vendor and warrantor transferred all of its shares in Fungs E & M to Master Grand in consideration of which our Company, being the holding company of Master Grand and the legal and beneficial owner of the entire issued share capital of Master Grand, allotted and issued 999,999 Shares, credited as fully paid, to Team Great pursuant to a sale and purchase agreement entered into, inter alia, amongst Team Great, Master Grand and our Company. The said issue, allotment and transfer were properly and legally completed and settled.

GROUP STRUCTURE AFTER REORGANISATION AND BEFORE LISTING

The shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Share Offer and Capitalisation Issue was as follows:



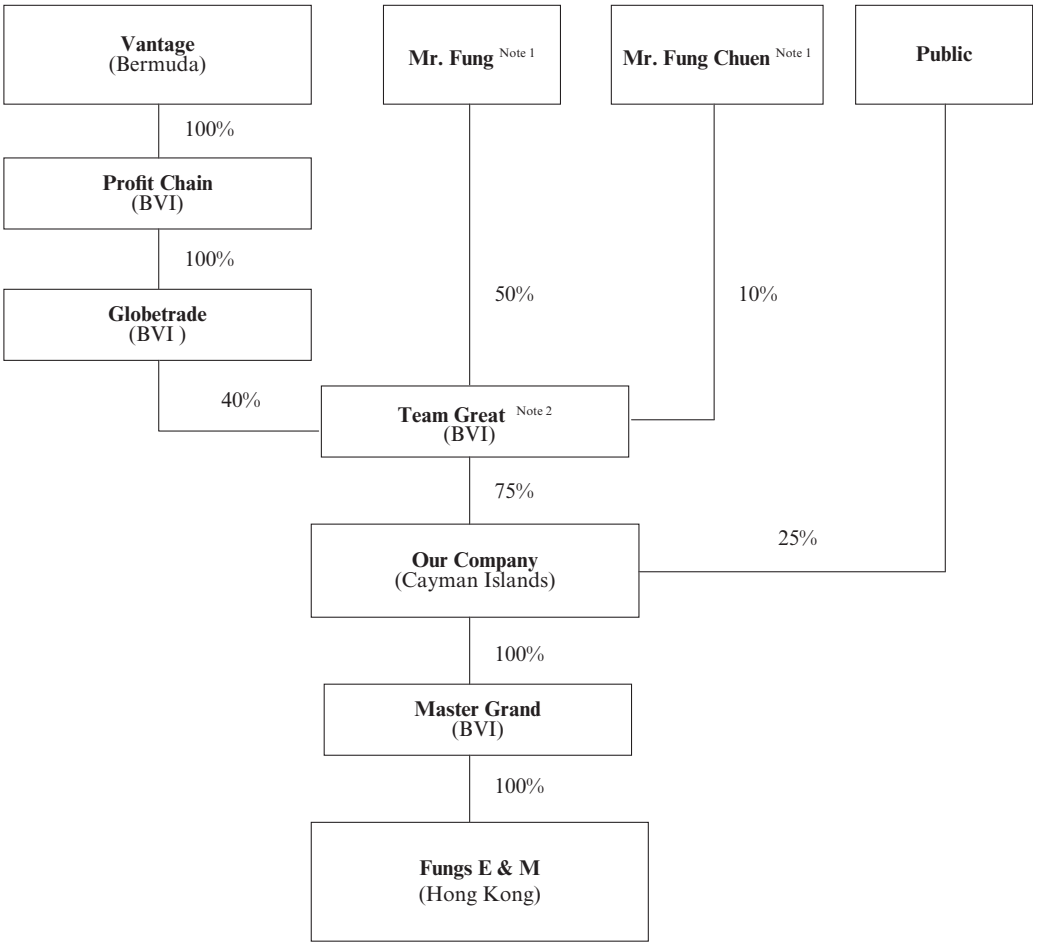
Notes:

1. Mr. Fung and Mr. Fung Chuen are brothers.

2. As at the Latest Practicable Date, each of Mr. Fung and Globetrade was entitled to nominate one person to act as a director of Team Great while Mr. Fung Chuen was not entitled to nominate any person to act as director of Team Great.

GROUP STRUCTURE AFTER CORPORATE REORGANISATION AND UPON LISTING

The shareholding and corporate structure of our Group immediately after the Share Offer and the Capitalisation Issue (assuming no Offer Size Adjustment Option is exercised) will be as follows:



Notes:

1. Mr. Fung and Mr. Fung Chuen are brothers.

2. As at the Latest Practicable Date, each of Mr. Fung and Globetrade was entitled to nominate one person to act as a director of Team Great while Mr. Fung Chuen was not entitled to nominate any person to act as director of Team Great.

OVERVIEW

We are principally engaged in the provision of Building Services in Hong Kong. We had undertaken more than 90 Building Services engineering projects, including one-off and retainer projects, during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, we had over 60 one-off projects in progress and retainer projects with contract period ending later than the Latest Practicable Date, with a total estimated outstanding contract sum and work order value of approximately HK$1,211.3 million. Further details of our projects are set out in the section headed "Business — Our engineering projects" in this prospectus. According to the Ipsos Report, we are one of the five largest Building Services companies in Hong Kong and have a market share of approximately 2.2% in terms of revenue in 2013. Our business is undertaken by our operating subsidiary, Fungs E & M, a Building Services engineering specialist in various building works in both public and private sectors in Hong Kong.

The engineering works undertaken by us are mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works. In executing a project, we principally participate in the design of Building Services systems, sourcing of appropriate materials and components, subcontracting and supervising installation works and system testing for our customers. We undertake engineering projects in both public and private sectors, which are mainly building related projects including (i) new building development; and (ii) existing building renovation. For the years ended 31 March 2012, 2013 and 2014, all of our revenues were derived in Hong Kong.

According to the Ipsos Report, it is estimated that the gross output value of the Building Services industry in Hong Kong will grow from approximately HK$19.5 billion in 2009 to approximately HK$33.8 billion in 2018. In view of the growth drivers of the Building Services industry in Hong Kong, including (i) the initiatives undertaken by the Government to stabilise property market prices by increasing the supply of both private and public residential units; (ii) the increase in number of old buildings in Hong Kong to approximately 20,000 by 2023 causing more renovation works to be carried out on these buildings to update or repair their aged building systems to ensure full functionality; and (iii) the shift towards more intelligent buildings increasing the demand for more advanced and energy efficient Building Services system in an increasingly environmental aware society, our Directors expect there will be more opportunities for our business in both public and private sectors and our revenue will grow steadily in future. Our revenues for the years ended 31 March 2012, 2013 and 2014 were approximately HK$339.5 million, HK$424.4 million and HK$581.5 million respectively, representing a CAGR of approximately 30.9%. For the years ended 31 March 2012, 2013 and 2014, our five largest customers accounted for approximately 86.7%, 86.3% and 84.8% of our revenue respectively; and our largest customer accounted for approximately 51.7%, 44.3% and 47.7% of our revenue respectively.

COMPETITIVE STRENGTHS

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

Experienced management and professional project management teams

One of our founders, Mr. Fung, has many years of experience and knowledge in marketing, project management and technical aspects of the Building Services industry in Hong Kong as he has been involving in the industry for over 38 years. Furthermore, our executive Director and chief executive officer, Ir Wong Chi Wai, is a chartered engineer who possesses extensive Building Services engineering work experience and relevant professional qualifications, has been serving our Group for over 15 years.

Our project management teams have extensive industry and technical knowledge in Building Services and our engineers have well-developed practical skills and experience. Our project managers have relevant industry experience and possess relevant professional qualifications as required for the engineering works. For instance, as at the Latest Practicable Date, all of our five senior project managers are chartered engineers and most of our engineering staff possess the relevant engineering licenses and/or academic qualifications to supervise Building Services engineering works. Some of these engineering staff have been working with us for over 10 years. We believe their project management experience and technical skills of Building Services would facilitate the efficient and timely implementation and management of our projects.

We believe the combination of our project management expertise and knowledge of the Building Services industry in Hong Kong, together with our highly qualified and experienced engineering staff have been and will continue to be our valuable assets enabling us to take up projects of various scale and building type and fulfill our customers' requirements. During the Track Record Period and up to the Latest Practicable Date, we had undertaken more than 90 Building Services engineering projects in public and private sectors which cover different types of buildings including residential, commercial, institutional and other buildings in Hong Kong.

Multi-design capability and diversified technical knowledge

We aim to provide one-stop Building Services to our customers. Due to our well-developed technical skills and experience and our relevant certifications and qualifications in the Building Services industry, we are able to undertake engineering works that cover several major aspects including (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works in both public and private sectors and, therefore, our customers (who are mainly the Main Contractors) are not required to engage multiple specialists to handle different kinds of Building Services. We believe that in some projects we are engaged by our customers for our multi-disciplinary services, which can ease our customers' management effort and minimise their time cost for

coordination. Our engineering staff are required to develop technical knowledge and practical experience in all aspects of engineering works undertaken by us through extensive on-the-job training in order to provide Building Services on a one-stop basis.

Our integrated capabilities enable us to deliver one-stop design solution for our customers. For instance, system design is an essential part of a Building Services engineering project because (i) the durability, reliability and efficiency of a composite Building Services system greatly depends on how well the system is designed; and (ii) a quality composite system design requires technical personnel with relevant qualifications, knowledge and extensive work experience who is able to understand, analyse and consolidate the project specifications of different aspects such as electricity, lighting, ventilation and fire prevention for working out a practical one-stop solution which also fulfills the requirements under relevant standards and regulations in Hong Kong. With our experienced project managers and skilled engineering staff, we are able to fulfill our customers' requirements and complete our engineering projects in a cost effective manner.

Long-term relationships with some of our major customers

We have been cooperating with some of our major customers during the Track Record Period (including Customer A, Customer D and Able Engineering Company Limited), who are some of the active market participants in the construction industry in Hong Kong, for nearly 10 years or more. Our Directors believe that our long-term relationships with some of our major customers reinforce our Group as the preferred working party to their projects.

Our extensive network with our major suppliers and subcontractors

Our Group has established and maintained a healthy working relationship with a network of suppliers and subcontractors. Some of our major suppliers had known or worked with us for over 10 years. Our Directors believe that our on-time settlements of accounts payable has won our Group with a network of stable suppliers and subcontractors which in turn, enables us and our customers to have flexibility in pricing and selection. Our supplier and subcontractor relationships could also reduce the risk of shortage or delay in delivery of materials or services causing material disruption to our works.

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

We place considerable emphasis on the distinctive and consistent quality of engineering works and have therefore implemented a stringent quality control system that complies with international standards. We were assessed and certified by SGS in 2006 and ACIL in 2012 that the requirements of ISO 9001 accreditation for our management system and quality management system had been met. Our experienced project management teams are responsible for maintaining the engineering works up to our quality requirements. In addition, we have set up an occupational health and safety management system to promote safe working practices among all employees and to prevent the occurrence of accidents. Further, we have also set up an environmental management system to promote environmental awareness and to prevent pollution of the environment. As a result, our

occupational health and safety management system has been certified compliance with OHSAS 18001 by ACIL and our environmental management system was accredited by ACIL with ISO 14001 certification. Further details of our quality control measures are set out in the section headed "Business — Quality control" in this prospectus.

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

Our history can be traced back to 1994 when Mr. Fung established Fungs E & M. Some of the market players in the Hong Kong Building Services industry have known our management for almost 20 years. We believe our management's long-term presence in the Building Services industry gives our customers an overall confidence in our ability to complete quality engineering works in a timely manner.

All of our executive Directors also have over 15 years of experience in the Hong Kong Building Services industry. Our Directors believe that we have (i) good reputation in the industry with substantial proven track record; (ii) the capability of delivering our job on time and to the satisfaction of our customers; and (iii) established a good rapport with our major customers. According to the quarterly performance rating report received from Works Branch, Development Bureau in May 2014, our Group's performance rating is above the industry average ratings among the Approved Suppliers of Materials & Specialist Contractors for public works in Hong Kong.

BUSINESS STRATEGIES AND PROSPECTS

We will continue to play an active role in seeking opportunities in the Building Services industry in both private and public sectors in Hong Kong in order to achieve sustainable growth in our business and create long-term shareholder's value. We will keep focusing on undertaking engineering works involving (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works.

We plan to expand our scale by continuing to upgrade our computer system and design software and to hire more engineering staff. In this regard, we expect 30 additional staff, including project managers and experienced engineering staff, to be hired by the year ending 31 March 2018. Our existing computer equipment and software will be upgraded from time to time in the next three to five years with an aim to enhance our Group's design capability. Our Directors believe that by expanding our scale of operation, we will be able to (i) participate in larger Building Services engineering projects; (ii) broaden our customer base by meeting the pre-qualifications set by potential customers to be their approved contractors; and (iii) have additional manpower to further strengthen our quality assurance which is of utmost importance to our Group's competiveness and ongoing development in the Hong Kong Building Services industry.

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

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

In view of the increasing spending by the Government on construction works and the current growth prospects for Building Services industry mainly caused by the Government's intention and policy to stabilise the local property market by increasing the supply of both private and public residential units, such as securing land for public rental housing and home ownership scheme, and resumption of the land sale program, our Directors believe that the gross output value of the Building Services industry in Hong Kong will continue to rise. Having considered our solid experience in the Building Services industry, our possession of the requisite licences and registrations for undertaking engineering projects in both private and public sectors, our continuous participation in public projects over the Track Record Period and the fact that we are one of the 27 contractors on the Housing Authority List of Electrical Contractors who are permitted to undertake public housing projects in Hong Kong as at the Latest Practicable Date, our Directors are of the view that we are well positioned to capture the emerging business opportunities. Further details of the future development of the Building Services industry in Hong Kong are set out in the section headed "Industry overview — Market overview of the Building Services industry in Hong Kong" in this prospectus.

DESCRIPTION OF BUSINESS

Our Group's principal business activity is the provision of Building Services in both public and private sectors in Hong Kong. The engineering works undertaken by us are mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works.

Electrical installation works

We involve in the supply, installation and maintenance of electrical systems which (i) fulfill specific technical requirements to support the operation of building systems (such as illumination, ventilation and air-conditioning systems, and fire services systems etc.) and; (ii) comply with the relevant safety standards generally required in Hong Kong, namely the Code of Practice for Electricity (Wiring) Regulations.

During the design process, we need to apply our technical and safety control knowledge. Based on the design agreed by the construction consultants engaged by the project employers, we will transform the design of an electrical system into practical application by supervising and monitoring the electrical installation involves power distribution system including low voltage main switchboard connected to the transformer of the electric power supplier, distribution cables, busbar trunking, distribution boards and final circuits, emergency generator system, lighting system, earthing system and lightning protection system etc. We also handle extra low voltage and electronic systems which mainly refer to computer cable network, security system comprising burglar alarms and closed circuit television systems etc. and broadcast reception system. We participate in

designing, supervising and monitoring installation of extra low voltage and electronic systems based on the system requirements and expected functions set out by the construction consultant.

We aim to provide professional Building Services for both new building development and existing building renovation. Compliance with the statutory and contractual requirements and delivery of reliable, safe and energy efficient electrical installation is our objective for every project.

Air-conditioning installation works

We participate in the supply, installation and maintenance of mechanical ventilation and air-conditioning (MVAC) systems to facilitate comfortable and environmentally friendly operation of buildings based on the general specifications provided by the construction consultants employed by the project employers.

A ventilation system is a system which circulates fresh air throughout a confined space or spaces, while removing contaminated or stale air. The main functions of a ventilation system include clearing dust and allergens in the air, and providing proper exchange of oxygen and carbon dioxide levels. An air-conditioning system provides an indoor environment for both human comfort and conditioned spaces for storing goods or equipment. Different air-conditioning systems can be adopted in a building, namely constant air volume (CAV), variable air volume (VAV), fan coils, variable refrigerant volume (VRV) etc. The adoption of system depends on the usage and the specification of the conditioned space.

During the design process, we have to assess the possible factors, such as building location and indoor area, which could affect the quality of air, temperature and humidity inside a building as well as the system operation cost efficiency. We take energy efficiency and indoor air quality into consideration when planning our works. We aim to reduce energy consumption by means of comprehensive selection and control of various quality components and equipment used in the air-conditioning system for minimising energy loss. We will gather the outdoor and indoor environmental data and the general requirements of the construction consultants and then simulate the indoor conditions by using relevant computer simulation software for fine-tuning the designs. We will then transform the design into practical application by supervising and monitoring the installation of ventilation system, which mainly comprises chiller, air handling unit, fan-coil unit, chilled water pump, control system, ventilation fan, sensor, ductwork and pipework, for controlling air quality, indoor humidity and temperature inside the building.

In principle, we aim to provide solution for reliable, energy efficient and user friendly MVAC installation. We also need to ensure the ventilation system complies with relevant standards generally required in Hong Kong, namely the Building (Ventilation System) Regulations.

Fire services installation works

We also participate in fire services design and installation as part of our Building Services business. Fire protection systems protect the property and people in a building, which are mainly categorised into (i) fire detection and alarming system; (ii) fire suppression and extinguishing system; and (iii) emergency lightings. A fire detection and alarming system consists of a programmable and addressable fire services control panel which will (i) directly notify the fire services control centre of Fire Services Department upon activation of various detection components such as breakglass unit, flow sensor of sprinkler system and heat/smoke detector etc.; and (ii) activate audio and visual fire alarm, fire shutters, ventilation and air-conditioning equipment isolation, the unlocking mechanism of access control and lift homing control etc. The fire suppression and extinguishing system can be further categorised into sprinkler system, fire hydrant and hosereel system, total gases flooding system and portable fire services appliance, which helps to stop the spread of fire. Emergency lighting and exit sign facilitate the occupants escaping from the building to safe location. Power generator and battery backup are commonly used to provide essential electricity to operate the fire protection system in case of electric power failure.

One-off projects and retainer projects

The contracts we entered into with our customers are categorised into two types namely (i) one-off projects which include Building Services engineering works relating to new building development and existing building one-off renovation; and (ii) retainer projects relating to existing building renovation which Building Services engineering works are segmented by work orders to be issued over a fixed contract period. For one-off projects, we are required to complete the engineering works as set out in the contracts which contain the details of our scope of work. For retainer projects, we are obligated to provide Building Services every time we received work orders containing the work details from our customers during the contract periods stated in the term contracts. There is no difference between the nature of our services and works handled by us for one-off project and retainer project.

MAJOR QUALIFICATIONS, CERTIFICATIONS AND COMPLIANCE

Qualifications in Hong Kong

As confirmed by the Directors, based on normal market practice, in order to undertake Building Services engineering works in the private sector, the Building Services contractor is required to (i) obtain the Certificate of Registration of Electrical Contractor issued by EMSD for electrical engineering works; (ii) be a Registered Specialist Contractor of Building Authority under the ventilation category; and (iii) be a Registered Fire Service Installation Contractor of Fire Services Department for fire prevention and protection systems. With respect to public sector Building Services engineering works, in addition to the aforesaid registrations, the service contractor must be an Approved Suppliers of Materials & Specialist Contractors for Public Works of Works Branch under the categories of electrical installation, fire service installation and air-conditioning and refrigeration installation. In order to undertake electrical engineering projects of Hong Kong Housing

Authority, the service contractor has to be on the Housing Authority List of Electrical Contractors. Details of the above are set forth under the section headed "Laws and Regulations" in this prospectus.

During the Track Record Period, all of our contracts with our customers were entered into by Fungs E & M. The following table sets out our major qualifications and licenses:

Relevant Hong Kong government departments or public organisation	**Description**	**Category**	**Qualification**	**Period of validity**
EMSD	Private sector works	Electrical works	Registered Electrical Contractor	12 February 2016
Building Authority	Private sector works	Ventilation	Registered Specialist Contractor	26 January 2015
Fire Services Department	Private sector works	Fire services installation	Registered Fire Service Installation Contractor — Class 1 & 2	— *(note 1)*
Works Branch, Development Bureau	Public sector works	Electrical installation	Approved Suppliers of Materials & Specialist Contractors — Group III	— *(notes 1&2)*
	Public sector works	Air-conditioning installation	Approved Suppliers of Materials & Specialist Contractors — Group II *(probationary)*	— *(notes 1, 2&3)*
	Public sector works	Fire service installation	Approved Suppliers of Materials & Specialist Contractors — Group I	— *(notes 1&2)*
Hong Kong Housing Authority	Public sector works	Electrical works	Housing Authority List of Electrical Contractors *(probationary)*	— *(notes 1, 2&3)*

Notes:

(1) "—" denotes not subject to any periodic renewal condition

(2) Contractors are required to meet certain criteria for retention of the qualification. Please refer to the section headed "Laws and Regulations — Hong Kong laws — III. Contractor Licensing/ Registration Regime" in this prospectus for retention requirement.

(3) A probationary contractor may apply for "confirmed" status after the satisfactory completion of works appropriate to its probationary status. To be promoted and retained as an approved contractor with a confirmed status, our Group must meet the relevant requirements. Further details are set out in the section headed "Laws and Regulations — Hong Kong laws — III. Contractor Licensing/Registration Regime" in this prospectus.

We maintain compliance with the respective licences, permits, registrations, and relevant regulatory requirements in respect of safety and environmental protection in the Building Services industry. The expected time to complete the renewal process is generally around one to two months and our Group intends to renew all existing licenses accordingly before their respective expiry date. We have not experienced any refusal of renewal of the

licences necessary for our daily operations or any non-compliance with relevant laws and regulations of Hong Kong which caused material disruption to our operations during the Track Record Period and up to the Latest Practicable Date. Our Directors also do not expect any difficulty or legal impediment in obtaining the renewed licences.

Certifications

The following table sets out our major certifications:

Nature	Certification *(Note)*	Awarding organization or authority	Period of validity
Quality Management System Accreditation	ISO 9001:2008	ACIL	Up to 16 June 2015
Environmental Management System Accreditation	ISO 14001:2004	ACIL	Up to 29 June 2016
Occupational Health and Safety Management System Accreditation	OHSAS 18001:2007	ACIL	Up to 29 June 2016

Note: ISO 9001:2008 represents the Quality Management System of the design, supply, installation and maintenance of electrical and mechanical systems. ISO 14001:2004 represents the Environmental Management System of the design, supply, installation and maintenance of electrical and mechanical systems. OHSAS 18001:2007 represents the Occupational Health and Safety Management System of the design, supply, installation and maintenance of electrical and mechanical systems.

Compliance

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident which is material impact non-compliance or systemic non-compliance. Our Directors also confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group has obtained all the approvals, permits, consents, licences and registrations required for our business and operations in Hong Kong and all of them are in force.

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

(i) to identify and review any approvals, permits, licences and certificates required for our Group's operations and to ensure compliance with relevant laws and regulations periodically;

(ii) to check relevant requirements and to make necessary submission to upkeep our Group's licensing status;

(iii) to identify any information which shall be provided for application/submission such as company profile, job experience, resources, financial information, management systems and certificates, technical proposal, schedule, customer satisfaction etc;

(iv) to designate suitable personnel/department to follow up the submission of the financial information to Development Bureau and the HA within the time stipulated under the prevailing laws and regulations;

(v) to keep updating those information to our clients when necessary;

(vi) to identify the new requirements, operation and control procedures under statutory and regulations; and

(vii) to brief our relevant staff for the news/update/revised requirements for ensuring that our relevant staff obtains update of the industry characteristic.

OUR ENGINEERING PROJECTS

During the Track Record Period, the engineering projects undertaken by us were one-off and retainer building projects in both public and private sectors. Regarding our one-off projects relating to new building development and existing building one-off renovation, the durations of projects usually ranged from 15 to 52 months, depending on the size of the contract and the complexity of the works undertaken. Regarding our retainer projects relating to existing building renovation which Building Services engineering works are segmented by work orders to be issued over a fixed contract period, such period usually ranged up to three to four years. For some retainer projects, our Group may have additional work period of one year or more after the end of our contract period to handle matters including but not limited to work orders given by our customers just before the end of contract period, follow-up requests from our customers, billings, certifications of work done and other administrative work if so requires.

One-off projects relating to new building development and existing building one-off renovation

Completed one-off projects

Completed projects refer to projects for which we and our subcontractors have completed the contracted works and vacated from the premises in principle. The following table sets out the details of the major completed projects as at the Latest Practicable Date with individual revenue contribution of HK$10 million or above during the Track Record Period in the ascending order by commencement date:

Location of project	Type of projects	Type of works	Work period	Contract sum *(HK$M)* *(Note 1)*	Actual contract sum billed during the Track Record Period *(HK$M)* *(Note 1)*
Government building(s) at Kiu Tau Road (Project 01)	Public	Electrical, ventilation and air-conditioning, and fire services installation	Jul 2009–Sep 2013	26.1	22.0
Government building(s) in Lok Ma Chau (Project 02)	Public	Electrical installation	Dec 2009–Dec 2013	15.7	13.9

Location of project	Type of projects	Type of works	Work period	Contract sum *(HK$M)* *(Note 1)*	Actual contract sum billed during the Track Record Period *(HK$M)* *(Note 1)*
Government building(s) in Pok Fu Lam (Project 03)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Feb 2010–Feb 2014	19.4	18.3
Institutional building(s) in Tuen Mun (Project 04)	Private	Electrical installation	Jun 2010–Feb 2013	23.4	22.5
Institutional building(s) in Chai Wan (Project 05)	Private	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2010–Dec 2013	16.3	16.1
Government building(s) in Man Kam To (Project 06)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2010–Nov 2013	19.6	13.1
Government building(s) in Area 16, Tuen Mun (Project 07)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2010–Sep 2013	21.4	19.1
Government building(s) at Mallory Street and Burrows Street (Project 08)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2011–May 2014	21.5	16.8
Commercial building(s) at No. 123–127 Tung Choi Street (Project 09)	Private	Electrical, ventilation and air-conditioning installations	Jul 2011–Mar 2014	13.6	13.6
Commercial building(s) at Repulse Bay Road (Project 10)	Private	Electrical, ventilation and air-conditioning, and fire services installations	Feb 2012–Jul 2014	38.8	38.5

Note 1: The contract sum for a particular one-off project listed above may be greater than the amount of actual contract sum billed for that project during the Track Record Period. This is because (i) some revenue for a particular contract may have been recognised prior to the Track Record Period, i.e. before 1 April 2011; and (ii) some outstanding contract sum have not been finally confirmed due to pending issuance of the relevant completion confirmations.

One-off Projects in progress

The following table sets out the details of the major one-off projects in progress with estimated individual contract sum of HK$10 million or above awarded before or during the Track Record Period in the ascending order by commencement date:

Location of project	Type of projects	Type of works	Expected work period *(Note 1)*	Expected total contract sum *(HK$M) (Note 2)*	Actual contract sum billed up to the end of the Track Record Period *(HK$M)*	Actual contract sum billed up to 31 July 2014 *(HK$M)*	Expected outstanding contract sum up to 31 July 2014 *(HK$M)*	Approximate expected percentage of completion up to 31 July 2014 *(%) (Note 3)*
Government building(s) at Yan Chai Street, Tsuen Wan (Project 11)	Public	Electrical, ventilation and air-conditioning, and fire services installations	May 2011–Sep 2015	136.7	76.6	123.0	13.7	90.0%
Institutional building(s) at MacDonnell Road (Project 12)	Private	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2011–Sep 2015	22.7	20.7	21.3	1.4	93.8%
Residential building(s) in Fung Yuen, Tai Po (Project 13)	Private	Electrical installation	Feb 2012–Sep 2015	137.5	121.2	123.9	13.6	90.1%
Government building(s) at Tai Lam Chung (Project 14)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jun 2012–Sep 2015	12.0	4.6	7.7	4.3	64.2%
Government building(s) in Tai Lam (Project 15)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Aug 2012–Jul 2016	131.7	4.5	16.0	115.7	12.1%
Government building(s) in Area 74, Tseung Kwan O (Project 16)	Public	Electrical installation	Dec 2012–Sep 2015	34.2	29.9	32.9	1.3	96.2%
Government building(s) at No. 8 Jackson Road (Project 17)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2013–Jan 2016	59.4	5.2	7.5	51.9	12.6%
Government building(s) in Kwun Tong (Project 18)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Nov 2013–Nov 2015	31.2	1.3	9.0	22.2	28.8%
Government building(s) in Chai Wan (Project 19)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Nov 2013–Feb 2016	91.8	4.5	14.3	77.5	15.6%
Commercial building(s) at Heung Yip Road, Wong Chuk Hang (Project 20)	Private	Ventilation and air-conditioning installations	Jan 2014–Oct 2016	52.0	—	1.0	51.0	1.9%

Notes:

1. The expected work period for a particular project comprise our best estimation of the completion of project. In making of the estimation, our management takes into account factors including the date specified in the relevant contract, the extension period granted by our customers and the actual work schedule between our subcontractors.

2. The expected total contract sum for a particular one-off project represents our best estimation of the contract sum taking into account the contract sum specified in the relevant contract and expected variation orders in relationship with the project during our project period.

3. The approximate expected percentage of completion for a particular project is calculated by dividing the billed contract sum as at 31 July 2014 over the expected total contract sum for the particular project.

Retainer projects relating to building renovation

Retainer projects refer to projects with a particular location which renovation works have been segmented into work orders to be issued over a fixed contract period which normally ranges from three to four years. We are required to work when a work order has been issued to and received by us. Normally when we entered into a retainer project, our management will have a preliminary estimation on the value of work orders to be received for that project. In some retainer projects, we may receive work orders towards the end of the contract period and such work orders may specify works which require additional work period of one year or more for our Group to complete.

Retainer projects with contract period ended during the Track Record Period and up to the Latest Practicable Date

The following table sets out the details of the major retainer projects with (i) accumulative work order value received of HK$10 million or above; and (ii) contract period ended during the Track Record Period and up to the Latest Practicable Date in the ascending order by commencement date:

Location of project	Type of projects	Type of works	Contract period	Total work order value received *(HK$M) (Note 1)*	Amount billed during the Track Record Period *(HK$M) (Note 1)*
Government building(s) in municipal venues in Kowloon (Project 21)	Public	Electrical installations	Nov 2008–Oct 2011	47.4	12.5
Government building(s) in various locations in Hong Kong specified under each work order (Project 22)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Dec 2008–Nov 2011	77.3	45.2
Government building(s) in Hong Kong Island Eastern & Outlying Islands (South) (Project 23)	Public	Electrical, ventilation and air-conditioning installations	Apr 2010–Mar 2014	93.3	54.5

Location of project	Type of projects	Type of works	Contract period	Total work order value received *(HK$M)* *(Note 1)*	Amount billed during the Track Record Period *(HK$M)* *(Note 1)*
Government building(s) in Tai Po North District & Outlying Islands (North) (Project 24)	Public	Electrical, ventilation and air-conditioning installations	Apr 2010–Mar 2014	87.4	62.7
Government building(s) in New Territories East and West (Project 25)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2010–Jun 2013	247.9	197.1
Government building(s) in Kowloon West (Project 26)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2010–Jun 2013	177.7	148.7
Government building(s) in Kowloon City, Sai Kung and Outlying Islands (Sai Kung) (Project 27)	Public	Electrical and air-conditioning installations	Oct 2011–Mar 2014	46.2	35.5
Government building(s) in Wong Tai Sin and Shatin (Project 28)	Public	Air-conditioning installations	Mar 2013–Mar 2014	10.7	3.9

Notes:

1. The total work order value for a particular project listed above may be greater than the amount of amount billed during the Track Record Period. This is because (i) some revenue for a particular contract may have been recognised prior to the Track Record Period, i.e. before 1 April 2011; and (ii) some outstanding value for a particular work order may have been billed after the Track Record Period.

Retainer projects with contract period ending after the Latest Practicable Date

The following table sets out the details of the major retainer projects on hand with estimated total work order value to be received of HK$10 million or above and with unexpired contract period ending after the Latest Practicable Date in the ascending order by commencement date:

Location of project	Type of projects	Type of works	Contract period	Estimated total work order value *(HK$M) (Note 1)*	Amount billed up to the end of Track Record Period *(HK$M)*	Amount billed up to 31 July 2014 *(HK$M)*	Expected outstanding work order value up to 31 July 2014 *(HK$M)*	Approximate percentage of amount up to 31 July 2014 over estimated total work order value *(note 2)*
Government building(s) in Hong Kong Island, Lantau Island, Outlying Islands (South), Wong Tai Sin, Shatin, Kowloon City, Sai Kung and Outlying Islands (Sai Kung) (Project 29)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Nov 2011–Oct 2015	23.9	0.5	0.8	23.1	3.3%
Government building(s) in Sham Shui Po, Tsuen Wan, Kwai Tsing, Kwun Tong, Mongkok, Yaumatei and Tsim Sha Tsui (Project 30)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Nov 2011–Oct 2015	27.6	2.6	3.6	24.0	13.0%
Government building(s) in various locations in Hong Kong specified under each work order (Project 31)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Nov 2011–Oct 2014	30.0	12.3	13.8	16.2	46.0%
Government building(s) in various locations in Hong Kong specified under each work order (Project 32)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jan 2012–Dec 2014	13.8	10.9	10.9	2.9	79.0%
Government building(s) in Kowloon East and Kowloon Central (Project 33)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jun 2012–May 2015	117.2	54.7	69.8	47.4	59.6%
Government building(s) in Sham Shui Po, Kowloon City, Kwun Tong and Sai Kung (Project 34)	Public	Electrical and air-conditioning installations	Apr 2013–Mar 2016	128.5	12.3	23.4	105.1	18.2%
Government building(s) in Tsuen Wan, Kwai Tsing, Tuen Mun and Yuen Long (Project 35)	Public	Electrical and air-conditioning installations	Apr 2013–Mar 2016	109.9	10.9	14.2	95.7	12.9%

Location of project	Type of projects	Type of works	Contract period	Estimated total work order value *(HK$M)* *(Note 1)*	Amount billed up to the end of Track Record Period *(HK$M)*	Amount billed up to 31 July 2014 *(HK$M)*	Expected outstanding work order value up to 31 July 2014 *(HK$M)*	Approximate percentage of amount up to 31 July 2014 over estimated total work order value *(note 2)*
Government building(s) in Wong Tai Sin, Sha Tin, Tai Po and North District (Project 36)	Public	Electrical and air-conditioning installations	Apr 2013–Mar 2016	98.2	11.7	17.2	81.0	17.5%
Government building(s) in Kowloon and Outlying Islands (Sai Kung) (Project 37)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Apr 2013–Dec 2014	30.8	7.5	12.1	18.7	39.3%
Government building(s) in New Territories East and West (Project 38)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2013–Jun 2016	169.9	6.4	13.2	156.7	7.8%
Government building(s) in Kowloon West (Project 39)	Public	Electrical, ventilation and air-conditioning, and fire services installations	Jul 2013–Dec 2016	208.5	4.7	6.9	201.6	3.3%

Notes:

1. The estimated total work order value for a particular project refers to our management's best estimate on the total value of work orders to be received during the contract period based on (i) the relevant tender document issued by project employer; (ii) the fixed rate per unit of output as agreed with our customers determined by reference to the estimated cost and gross profit margin of each work item and the project as a whole; (iii) the overall scope of work stated in the contract; (iv) the estimated total number of work orders to be received under the contract by reference to the number of work orders of historical projects with similar size and scope of works undertaken by our Group; and (v) the type and estimated number of work items specified in each work order to be handled by reference to the work order details of historical projects with similar size and scope of works undertaken by our Group.

2. The approximate percentage is calculated based on the value of work order billed for a particular project as at 31 July 2014 over the estimated total work order value to be received during the entire contract period.

Our Directors confirmed that the total estimated contract sum and work order value of one-off and retainer projects (including commenced projects and projects awarded but have not commenced) to be recognised in the six months ending 30 September 2014, the six months ending 31 March 2015 and the six months ending 30 September 2015 are approximately HK$329.2 million, HK$363.5 million and HK$323.1 million respectively.

As at the Latest Practicable Date, we have submitted 62 quotations under Restricted Tender and the results will be made known to us within approximately three to six months after our submission. Our success rates for quotations submitted were approximately 21.2%, 25.0% and 17.5% for the years ended 31 March 2012, 2013 and 2014 respectively. Our success rates in tendering projects from companies controlled by our Controlling Shareholders and their associates were approximately 70.0%, 76.9% and nil for the years ended 31 March 2012, 2013 and 2014 respectively, while our success rate in tendering projects from independent contractors were approximately 16.5%, 13.6% and 20.9% for the years ended 31 March 2012, 2013 and 2014 respectively. Our Directors are of the view that the main reason for the higher success rates in tendering projects from companies controlled by Controlling Shareholders and their associates is we are the preferred working party of Vantage Group and if the terms proposed by us are comparable to the terms proposed by other Building Services contractors, our Group will be favored due to our long-term business relationship.

SALES AND MARKETING AND CUSTOMERS

Sales and marketing

The Building Services engineering projects undertaken by us are normally contracted to us by way of Restricted Tender from our customers who are mainly the Main Contractors in Hong Kong. Our Directors confirmed that invitations from our customers are sent to a limited number of contractors who are on their list of approved contractors under the Restricted Tender arrangement. As confirmed by our Directors as a common industry practice, Main Contractors use Restricted Tender to source for contractors at our Group's tier. Our Directors believe that the success of our Group in Restricted Tender has demonstrated its ability in project management and implementation (such as relevant technical skills and experience that cover (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works) which secures its business in a competitive environment without reliance on our Controlling Shareholders. This is because our Group needs to go through competitive tendering process and to compete with other approved contractors of our Controlling Shareholders to obtain new projects and each of our Group's successful tender depends on several factors including tender price and relevant technical skills and experience expected by our Controlling Shareholders. Our Directors believe that our Group's every successful tender for Controlling Shareholders project was mainly due to our (i) multi-design capability and diversified technical knowledge; and (ii) competitive quotation but not merely because of our relationship with our Controlling Shareholders. Due to the competitive environment in the industry, the chance of successful tender was not guaranteed for the projects of Controlling Shareholders. This was reflected in our Group's historical success rates in

tendering projects from companies controlled by our Controlling Shareholders and their associates, which were approximately 70.0%, 76.9% and nil for the years ended 31 March 2012, 2013 and 2014 respectively.

We maintain active relationships with our customers in the industry to explore potential business opportunities. Tender invitations mainly come from word-of-mouth, reputation and established track record rather than advertising and promotion. We also approach prospective customers from time to time showing our interest for being one of their approved contractors by introducing our background, industry experience and financial position. As a result, we are of the view that our past job reference, expertise in relation to our Building Services engineering works, relationship with customers and our network in the industry are some important decision factors for our existing and potential customers in choosing us to be the preferred working party in pitching for construction projects from project employers. Our Group currently has no plan to carry out any other marketing activities such as mass media advertisement.

Customers

Our customers, who are mainly the Main Contractors of the construction industry in Hong Kong, contract the Building Services engineering works to us on a project-to-project basis. The Main Contractors, either engaged by the relevant government departments in the public sector or property developers/owners in the private sector, are normally responsible for (i) overseeing the progress of the whole construction or building renovation project; (ii) subcontracting different work tasks (such as electrical and air-conditioning installations) of the project to subcontractors; and (iii) supervising subcontractors for handling the delegated jobs. Our customers are normally required to make payments to us within seven days after receiving the interim payments from their project employers. Our accounts receivable are normally settled by cheque in Hong Kong dollars.

Major customers

For the years ended 31 March 2012, 2013 and 2014, our five largest customers accounted for approximately 86.7%, 86.3% and 84.8% of our revenue respectively; and our largest customer accounted for approximately 51.7%, 44.3% and 47.7% of our revenue respectively. We have not entered into any long-term master contracts with any of these customers. Our Directors confirmed that our Group had no material dispute with or recovery of claims from its customers during the Track Record Period.

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

Name of customer	The financial year being our five largest customers	Approximate year(s) of business relationship with our Group	Principal business	Public/ private sector
Customer A	31 March 2012, 2013 and 2014	17 years	Building construction and maintenance	Both
Able E & M	31 March 2012, 2013 and 2014	6 years	Building Services engineering works	Both
Customer B	31 March 2012	5 years	Building construction	Both
Customer C	31 March 2012	7 years	Building construction and maintenance	Both
Customer D	31 March 2012	8 years	Governmental authority	Public
Able Engineering Company Limited	31 March 2013 and 2014	10 years	Building construction and maintenance	Both
Customer E	31 March 2013 and 2014	2 years	Building Services engineering works	Both
Customer F	31 March 2013	7 years	Building construction and maintenance	Both
Lanon Development Limited	31 March 2014	2 years	Building construction and maintenance	Both

Notes:

(1) Customer A is principally engaged in building construction and maintenance works in Hong Kong.

(2) Able E & M, an entity jointly-controlled by Vantage Group and Mr. Fung, is principally engaged in contracting for Building Services engineering works in Hong Kong. Further details on Able E & M are set out in the section headed "Relationship with Controlling Shareholders" and "Connected Transactions" in this prospectus.

(3) Customer B is a construction company which group is listed in Japan.

(4) Customer C is principally engaged in building construction and maintenance works in Hong Kong.

(5) Customer D is a governmental authority in Hong Kong.

(6) Able Engineering Company Limited is a wholly-owned subsidiary of Vantage, one of our Controlling Shareholders, which is principally engaged in building construction and maintenance in Hong Kong. Further details of Able Engineering Company Limited are set out in the section headed "Relationship with Controlling Shareholders" and "Connected Transactions" in this prospectus.

(7) Customer E is principally engaged in provision of Building Services engineering works in Hong Kong.

(8) Customer F is principally engaged in building construction and maintenance works in Hong Kong.

(9) Lanon Development Limited is part of Lanon Group and is principally engaged in building construction and maintenance works in Hong Kong. Further details of Lanon Group are set out in the section headed "Relationship with Controlling Shareholders" and "Connected Transactions" in this prospectus.

Save as disclosed in notes 2, 6 and 9 above, none of our Directors, their close associates or any Shareholder (who or which, to the best knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our five largest customers for each of the reporting period during the Track Record Period.

We believe we have been the preferred working party of our major customers to their projects and some of them have been cooperating with us for nearly 10 years or more. Such long-term business relationships benefited our Group in securing our sources of revenue during the Track Record Period. Our provision of quality Building Services also enabled our major customers to fulfill their responsibilities under the contractual relationships with their project employers. As a result, we believe the cooperation between our Group and each of our major customers mutually benefited respective parties in capturing economic benefits and business development.

Our Directors are of the view that our Group does not overly rely on its major customers because (i) there is a mutual business dependency and benefit between us and our major customers, for instance, our Directors believe our previous job references in handling public sector projects also give business advantage to our largest customer(s) in engaging us in some of their Building Services engineering projects in public sector; (ii) we also cooperated with new customers such as Customer E during the Track Record Period; and (iii) we have been actively tendering for projects from new customers. In the event that any of our major customers substantially reduces the number of contracts placed with us or terminates its business relationship with us, our Directors consider that we would have extra capacity to handle other potential projects from other customers to replace such lost contracts due to the expected growth of demand for Building Services in Hong Kong and our competitive strengths as detailed in the section headed "Business — Competitive strengths" in this prospectus. According to the Ipsos Report, the demand for Building Services is expected to increase in future and the gross output value of the Building Services industry in Hong Kong will increase at a CAGR of around 5.4% from approximately HK$27.4 billion in 2014 to approximately HK$33.8 billion in 2018.

OPERATING PROCEDURES

Our operating procedures in relation to execution of Building Services engineering project principally involve quotation for Restricted Tender, price determination and project implementation. We have developed a quality management system covering the design, supply, installation and maintenance of electrical and mechanical systems and was accredited with ISO 9001 since 2012.

Duration of our projects are affected by a wide range of factors including technical complexity, building conditions, input of labour and expectation of project employers etc., which can vary widely. The expected project duration and completion time are stated in the contract entered into between us and our customers. The periods of most of our one-off projects relating to new building development or existing building one-off renovation during the Track Record Period varied from approximately 15 to 52 months. Regarding our retainer projects relating to existing building renovation which Building Services engineering works are segmented by work orders to be issued over a fixed contract period, such period usually ranged up to three to four years. For some retainer projects, our Group may have additional work period of one year or more after the end of our contract period to handle matters including but not limited to work orders given by our customers accumulated before the end of contract period, follow-up requests from our customers, billings, certifications of work done and other administrative work if so requires.

Quotation

Once we have obtained the notification from our customer requesting for our quotation under the Restricted Tender, which normally contains, amongst others, the project specifications and preliminary design drawings, we will commence preliminary work for the preparation of quotation. Such preliminary work usually includes reviewing the Restricted Tender document in details, ensuring that we have the requisite licenses and registrations for handling the engineering works, understanding the project specifications and verbally clarifying with our customers to see if they have other requirements and expectation regarding our work if we consider necessary. In the event that we are limited by our licenses and registrations from undertaking certain public sector projects due to limitation on maximum contract sum, we would ensure that we and our subcontractors as a working team possesses the requisite licenses and registrations to undertake the projects. According to the Ipsos Report, when tendering for a project from the public sector, the Development Bureau requires the Main Contractor to confirm which contractor and subcontractor it is going to partner with in the project and that all parties hold the relevant licenses and have sufficient contract sum limit required to carry out the full scope of works as a team. As a result, the Main Contractor will ensure forming a working team with contractors and subcontractors who hold the relevant registrations for the scope of work required in order to tender for projects of larger scale and scope. Further details of our licenses and registrations are set out in the section headed "Laws and Regulations — Hong Kong Laws — III. Contractor Licensing/Registration Regime" in this prospectus.

Price determination

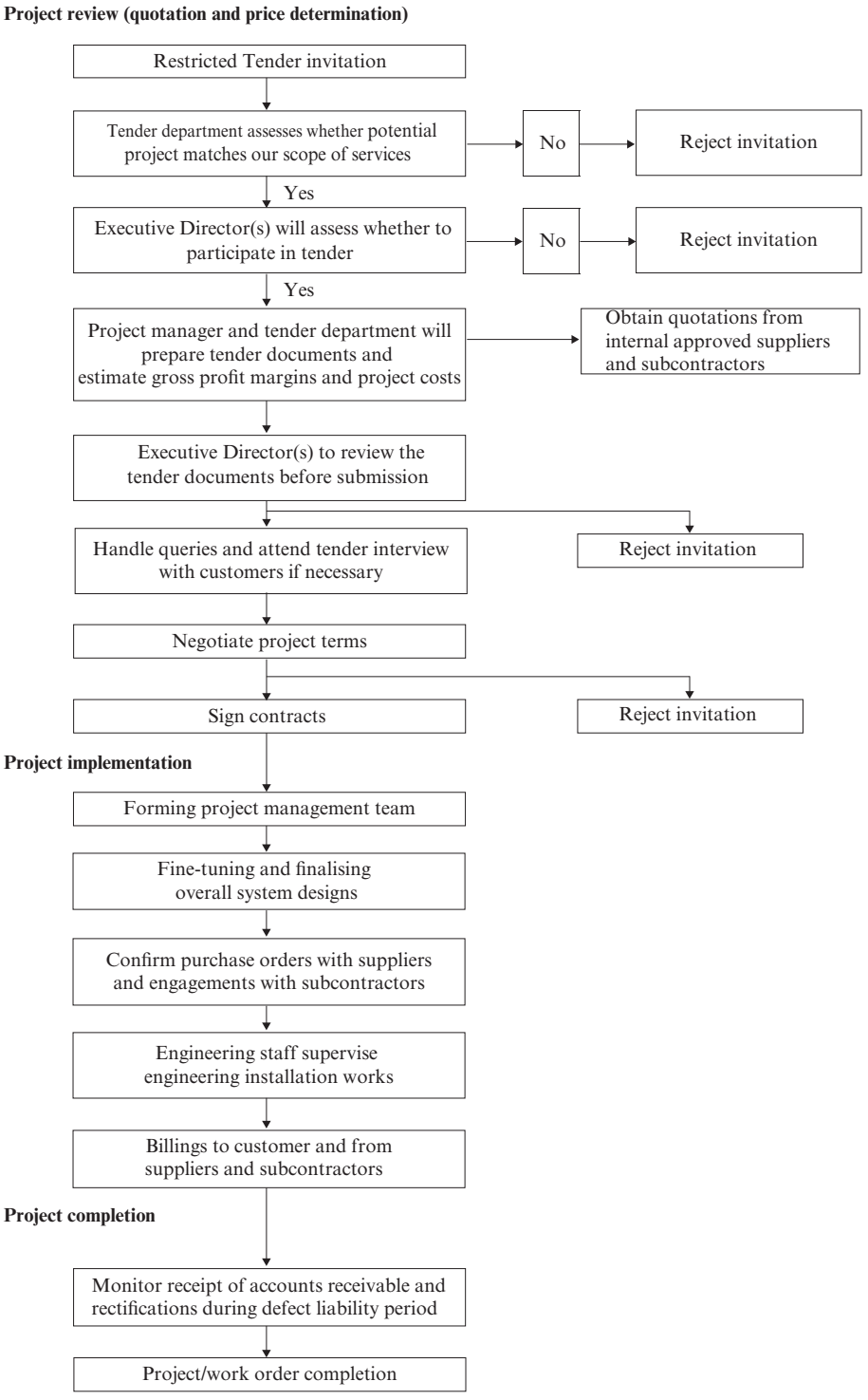
When we prepare our quotation for a prospective project, we will estimate the gross profit margin in terms of monetary value and percentage. The gross profit margin of a project depends on various factors, including but not limited to the scale, complexity and specifications of the projects, our capacity, the estimated project cost (which mainly includes the direct labour cost and material costs based on the preliminary quotations from our suppliers and subcontractors), historical fee we received for similar projects, the current fee level in the market and competitive conditions at the contract negotiation stage. Our tender department and project managers will assist in the preparation of quotations

included in tender documents. Our tender department is responsible to analyse the project requirements and estimate the amount of materials, labour and time required for the completing the project on time. Supporting quotations from suppliers and subcontractors will also be obtained for estimations. For our retainer projects, which are mainly public sector projects, the project employers generally accept negotiation for price adjustment during the relatively long project duration, which comprises the contract period and the extended work period, to manage increase in estimated project cost which is due to fluctuations of material prices. Our Directors confirmed that fluctuations of material prices would generally be passed on to our customers during the process of price determination. The contracts of our retainer projects do not specify minimum contract value.

Our executive Director(s) is responsible for determining the final price of each project. The time required for preparing a quotation varies from case to case, which depends on each project's specific requirements and complexity. Generally, it takes about one to two weeks from receipt of requests to submission of quotations. Our quotation is generally valid for a period of seven days for private projects and 90 to 120 days for public projects, subject to further negotiation between the parties. However, in the event that our Group is required to perform variation works which are not included in the original design layout specification, we and our customer will perform measurement and evaluation to the variation works and make adjustment to the contract sum.

Project execution

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



Project review

For each potential project, we will evaluate such project based on whether it matches with our scope of services. If the opportunity fits our scope of services, the potential project will be submitted to our executive Director(s) who will assess the costs and benefits of undertaking the potential project. Our tender department and project managers will assist in the preparation of tender documents.

Our executive Director(s) is responsible for making the final decision on whether to submit the quotation, based on factors, including but not limited to, the project timetable, the human resources available, the estimated gross profit margin, the relationship with and reputation of the potential customer and the market conditions at the time of submission.

The review process mainly includes (i) studying and understanding the scope of work required for in the project; (ii) reviewing drawings and specifications to estimate the feasibility of undertaking such project based on the technical requirements, expected completion time and possible risks associated with such project; (iii) clarifying any ambiguities and inconsistencies in the relevant documents such as drawings and specifications with the potential customers; and (iv) obtain preliminary quotations from our suppliers and subcontractors to estimate our project costs.

Subsequent to the submission of tender documents, we will answer queries raised on our submitted documents and sometimes assist our customers in their tender interviews with the project employers (who are either the relevant government departments in the public sector or property developers/owners in the private sector). In the event that the potential customer intends to engage us to be the provider of Building Services, we will proceed to review and negotiate the project terms.

Project implementation

Formation of project management team

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

Our engineering staff are responsible for overseeing the materials on-site and to ensure the engineering installation works performed by our subcontractors meet technical requirements and are tested properly. Our subcontractors' technicians are responsible for carrying out the installation works under our instructions and supervisions. On-site inspection is conducted by our qualified engineering staff to ensure the quality of installation works. Further information of our quality control is set out in the section headed "Business — Quality control" in this prospectus.

Once a project is launched, our executive Director(s) and project managers will closely monitor the progress of the project to ensure that (i) the technical standard meets our customer's requirements; and (ii) the project is completed as scheduled and within the budget, and in compliance with all statutory requirements in connection with the works, safety, environmental and other related legal or regulatory requirements. Our project management teams also communicate frequently and participate in project meetings if necessary with our customers and subcontractors to assess and review the progress of the projects and to identify and resolve any problem or issue which may arise during the course of carrying out installation works.

Procurement of materials

The materials that we purchased are mainly cable, lighting equipment, power generator, low voltage main switchboard, chillers, pipework, ductwork, burglar and fire alarms, and other electrical and electronic devices. All of these materials are sourced from our suppliers in Hong Kong. Unless our customers specify, we usually select our suppliers from our internal list of approved suppliers. We estimate the amount of materials to be ordered and we specify the location, delivery time and quantity to our suppliers on a project-by-project basis. Generally, we request our suppliers to provide quotations of materials during the preparation of our quotations. In the event that we are awarded with the contract, we will follow-up with our suppliers who have previously quoted us with the competitive pricing and to negotiate on pricing and other terms accordingly. We generally do not keep inventory.

Project completion

In some one-off projects, certificates of practical completion are to be issued by our customers, which indicates that the Building Services engineering works have been completed, tested and approved. In other one-off projects, less formal procedures will take place where the parties agree on practical completion by exchange of correspondence. For retainer projects, upon completion of work order, we prepare completion notification to our customer which will then be submitted to the project employer for approval. Practical completion takes place upon the project employer approves our completion notification. Practical completion is normally understand as being (i) that the works to be completed under the contract have been duly completed; (ii) that there is no apparent defect; and (iii) the start of the defect liability period (normally 12 months) and we are required to rectify all defective works during this period at our own expense.

KEY PROJECT TERMS

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

Price

For one-off projects, the contracts normally state an agreed price subject to measurements and variations. The agreed price is usually agreed between the Main Contractor and our Group taken into account factors including price negotiation, project requirements and the estimation of the amount of materials, labour and time required for the completion of the project. For retainer projects, as the renovation works have been segmented into work orders to be issued over a period of time, the contracts do not specify minimum contract value. Instead, our management will have a preliminary estimation on the value of work orders to be received for a particular project when we entered into a retainer project by reference to relevant tender document issued by project employer. The details of work to be performed are contained in each work order to be issued to us for retainer projects.

Price adjustment

In general, although there is no specific clauses in relation to price adjustment in most of our contracts with our customers, normally project employers will accept negotiation for price adjustment during the relatively long project duration to manage increase or decrease in estimated project cost which is due to fluctuation of materials prices. This practice is in accordance with the good market practice recommended by the Construction Industry Council. According to the Guidelines on Contract Price Fluctuation System published by the Construction Industry Council, contract price fluctuation system is widely used in the government's public works contracts. The Directors confirmed that, for both one-off and retainer projects, price adjustment applicable to our Group are sometimes in the form of: (i) our customers have agreed with the project employers on price adjustment, indirectly affecting us regarding measurements and certification of our work; and (ii) we have agreed with our customers on certain cost sharing and reimbursement for carrying out the project.

Progress payment

We normally receive progress payments from our customers on a regular basis by reference to the value of work completed. In some cases, we receive one-off payment after project completion if the project duration or the time to completely handle the work order is reasonably short. In general, we submit an interim payment application to our customers, who are mainly the Main Contractors, on a monthly basis with details relating to the amount of work done. Once we have provided our interim payment application, our customer would issue a progress confirmation stating our historical work progress and submit its interim invoice to the project employer. It normally takes less than two weeks for such progress confirmation to be issued and we will issue an invoice to our customers once

the progress confirmation is received. Our customers are normally required to make payments to us within seven days after receiving the interim payments from their project employers.

Retention money

For our one-off projects, there is a term for our customers to hold up an amount of fee as retention money from the progress payment. The retention money is retained by our customers at a rate of 1% to 10% of each interim payment made to us and up to a maximum limit of 5% of the total contract sum. Generally, the first half of the retention money is released upon practical completion and the second half of the retention money is released to us upon expiry of the defect liability period. There is no retention money policy for our retainer projects. As at 31 March 2014, retention receivables held by our customers excluded from contract receivables amounted to approximately HK$16.1 million.

Defect liability period

We are generally subject to defect liability period and we are responsible to rectify all defective works at our own expense during such period. The defect liability period, normally 12 months, commences upon the date of practical completion. During the Track Record Period, there was no material claim or complaint brought against our Group by our customers and the cost incurred for rectifying defective works was immaterial.

Variation orders

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

Liquidated damages

Some of our contracts include a liquidated damages clause where if we fail to complete the work set out in the contracts within the stipulated time and/or cause unnecessary delay to project completion that result in liquidated damages imposed on our customers by project employers, we shall reimburse our customer for some or all of the incurred liquidated damages. Our Directors confirmed that there was no material liquidated damage paid by our Group during the Track Record Period.

Termination

In general, our contracts can be terminated, among other things, if our performance is found to be unsatisfactory, or if we become bankrupt or insolvent, or for any reason our customer's contract entered into with the project employer for the project has been terminated.

SUPPLIERS

We will assess the overall performances of potential suppliers, including product quality, timeliness of delivery, references and reputation in the industry to be included in our list of suppliers on an annual basis to ensure that we have maintained a reasonably diversified base of reliable suppliers which offer competitive prices. As at 31 March 2014, there were approximately 320 suppliers on our list of approved suppliers. Generally, unless our customers specify, we select our suppliers from our list of approved suppliers based on their prices, quality, past performances and capacity. None of our suppliers has entered into long-term supply agreement with us.

In general, we order materials approximately two weeks in advance based on each project's progress and confirm the order approximately seven days prior to delivery. During the Track Record Period, we have not experienced any significant shortage nor delay in delivery of materials by our suppliers causing material disruption to our works. Materials purchased by us are normally settled by cheque in Hong Kong dollars. Our suppliers normally grant credit period of 30 to 90 days from the invoice date of the relevant purchases to us. We incurred approximately HK$74.8 million, HK$99.3 million and HK$128.5 million in material costs for the years ended 31 March 2012, 2013 and 2014 respectively, representing approximately 26.7%, 25.2% and 27.1% of our actual contract costs for the years ended 31 March 2012, 2013 and 2014 respectively.

Our largest supplier accounted for approximately 14.9%, 19.3% and 24.3% of our total material costs for the years ended 31 March 2012, 2013 and 2014 respectively and our five largest suppliers accounted for approximately 44.0%, 51.3% and 50.7% of our total material costs for the years ended 31 March 2012, 2013 and 2014 respectively.

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

Name of supplier	The financial year being our five largest suppliers	Approximate years of business relationship with our Group	Principal business
Supplier A	31 March 2012, 2013 and 2014	8 years	Sales and marketing of electric cables
Supplier B	31 March 2012, 2013 and 2014	10 years	Sales and marketing of lighting products
Supplier C	31 March 2012	4 years	Sales and marketing of cable materials
Supplier D	31 March 2012	4 years	Sales and marketing of cable materials
Supplier E	31 March 2012 and 2013	11 years	Sales and marketing of air-conditioning equipment
Supplier F	31 March 2013 and 2014	14 years	Sales and marketing of electric cables
Supplier G	31 March 2013 and 2014	19 years	Manufacture, sales and marketing of electric conduits
Supplier H	31 March 2014	4 years	Sales and marketing of metal trunks for electrical installation

Notes:

1. Supplier A is a private company incorporated in Hong Kong in 2006.

2. During the Track Record Period, our Director who is also one of our Controlling Shareholders, Mr. Fung, and his brother, Mr. Fung Chuen, together owned 45% equity interest in Supplier B which is a private company incorporated in Hong Kong in 2004. Since 2 April 2014, they have not held any equity interest in Supplier B.

3. Supplier C is a private company incorporated in Hong Kong in 2005.

4. Supplier D is a private company incorporated in Hong Kong in 1995.

5. Supplier E is a private company incorporated in Hong Kong in 1978.

6. Supplier F is a private company incorporated in Hong Kong in 1992.

7. Supplier G is a private company incorporated in Hong Kong in 1991.

8. Supplier H is a private company incorporated in Hong Kong in 2002.

Save as disclosed in note 2 above, none of our Directors, their close associates or any Shareholder (who or which, to the best knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our five largest suppliers during the Track Record Period.

SUBCONTRACTORS

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

We maintain a list of approved subcontractors who are assessed and approved by us. The assessment may include (i) evaluation of subcontractors' recent performance; (ii) verifying whether the subcontractor has an approved quality assurance system and if the standard is appropriate to meet the job requirements; (iii) reviewing third party assessments or certification held by the subcontractor; (iv) assessing whether the subcontractor may have sufficient resources and skills to fulfill the specific requirements; and (v) reviewing their requisite licenses and registrations for handling engineering works. We will select subcontractors from our approved subcontractors list based on their previous experience, skills, present work load, price quotations and historical work quality. Our subcontractors are neither our employees nor agents and we are not a party to the employment arrangement between our subcontractors and their employees.

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

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

Payment term:	Subcontractors should submit interim invoices to our Group before the 5th day of each month. We then normally make payments to the subcontractors (i) on the 30th day of the same month; or (ii) within seven days after receiving interim payments from our customers.
Responsibilities of subcontractors:	(i) Subcontractors should comply with project employer's specifications and drawings as well as all relevant Hong Kong compliance requirements; (ii) subcontractors are not allowed to assign their interests under the subcontract or subcontract out the subcontract work without our prior written consent; and (iii) subcontractors should ensure that our Group will not be harmed by the subcontractors' non-compliance.
Claims and termination:	(i) Our Group has full discretion to employ any other subcontractors to carry out the specified works; and (ii) subcontractors agree that claims of whatsoever nature against us will not be entertained by us.

We may be liable to our customers for the performance of our subcontractors and we may also be liable to any potential employee compensation claims and personal injuries claims made by the employees of our subcontractors arising from work injuries as may happen from time to time. Therefore, we carry out regular assessment of our subcontractors during the course of a project to ensure quality and safety of their works. Our respective engineering staff will make regular site visits to ensure general compliance by our subcontractors in all respects particularly regarding safety and environmental requirements. As for some of our standard subcontracts which specify our monthly payments obligation to subcontractors, in the event that our customers default in making payment, we may still be liable to settle the subcontracting fees. During the Track Record Period, there had been no default in making payment by our customer to us in relation to the works performed by our subcontractors.

We incurred approximately HK$181.9 million, HK$261.1 million and HK$303.8 million in subcontracting fee for the years ended 31 March 2012, 2013 and 2014 respectively, representing approximately 64.9%, 66.4% and 64.0% of our actual contract costs for the years ended 31 March 2012, 2013 and 2014 respectively. As at 31 March 2014, we have 32 internally approved subcontractors who are able to handle installation works assigned by us. Our largest subcontractor accounted for approximately 11.4%, 11.8% and 9.4% of our total subcontracting fee for the years ended 31 March 2012, 2013 and 2014

respectively and our five largest subcontractors accounted for approximately 44.2%, 44.6% and 37.4% of our total subcontracting fee for the years ended 31 March 2012, 2013 and 2014 respectively.

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

Name of subcontractor	The financial year being our five largest subcontractors	Approximate year(s) of business relationship with our Group	Principal business with our Group
Subcontractor A	31 March 2012 and 2013	4 years	Provision of engineering installation services
Subcontractor B	31 March 2012	7 years	Provision of engineering installation services
Subcontractor C	31 March 2012, 2013 and 2014	7 years	Provision of engineering installation services
Subcontractor D	31 March 2012	6 years	Provision of engineering installation services
Subcontractor E	31 March 2012	8 years	Provision of engineering installation services
Subcontractor F	31 March 2013 and 2014	9 years	Provision of engineering installation services
Subcontractor G	31 March 2013 and 2014	6 years	Provision of engineering installation services
Subcontractor H	31 March 2013 and 2014	6 years	Provision of engineering installation services
Subcontractor I	31 March 2014	1 year	Provision of engineering installation services

Note: Subcontractors A, B, C, D, E, F, G, H and I are all private companies incorporated in Hong Kong.

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

CREDIT MANAGEMENT

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

Credit terms given to our customers are generally set out in the relevant contract. Generally, payment is due within seven days after our customer receives interim payment from its project employer. Our accounts receivable is normally settled by cheque in Hong Kong dollars. Further details on our contract receivables turnover days are set out in the section headed "Financial information — Analysis on various items from the statements of financial position — Accounts receivable" in this prospectus. Our Directors determine specific provision for doubtful debts relating to accounts receivable on a case-by-case basis. We did not make any provision for doubtful debts relating to accounts receivable during the Track Record Period.

QUALITY CONTROL

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

We emphasise on quality control as we believe completing Building Services engineering works that meet or exceed our customers' requirements is crucial for our good track record and future business opportunities. To ensure that our Building Services engineering works meet the required standards, we normally assign at least one engineering staff with relevant engineering certifications and/or academic qualifications on a full time basis for each of the projects as the first line of monitoring of the quality of installation works done by our subcontractors by checking each installation works item against inspection checklist. Our project managers are responsible for monitoring overall work quality and project progress and ensuring that engineering works are completed according

to schedule. As at the Latest Practicable Date, all of our five senior project managers are chartered engineers and all of our four project managers are holders of bachelor of engineering degree.

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

Regarding the materials purchased by us, unless our customers designate the suppliers, we generally procure materials from our internal list of approved suppliers which we have had satisfactory past business relationships to ensure consistency of quality. All materials purchased from our approved suppliers would be checked by our respective engineering staff before being installed by our subcontractors' technicians. Any items with defects or which are not consistent to the product specifications stated in the purchase orders would be returned to the suppliers for replacement. Our customers would also inspect the materials used by us at project sites and verify the specifications from time to time.

ENVIRONMENT

Our business is subject to certain laws and regulations in relation to environmental protection. Please refer to the section headed "Laws and Regulations" in this prospectus which sets out further information about such laws and regulations. Our Directors believe that it is essential for us to be environmentally responsible and to meet our customers' demands in environmental protection and at the same time meeting the community's expectation for a healthy living and working environment. To this end, we have set up an environmental management system, which was accredited by ACIL with ISO 14001:2004 certification, to promote environmental awareness and to prevent pollution of the environment resulting from our works. In general, the permitted hours for operation at project site is from 7:00 a.m. to 7:00 p.m. Monday to Saturday. Works are not permitted on general public holidays unless prior approval has been granted by the Director of the Environmental Protection Department through the construction noise permit system. During the Track Record Period, we have not been prosecuted under the relevant applicable environmental laws and regulations.

WORK SAFETY

We emphasise the health and safety of our employees and we are committed to providing a safe and healthy working environment for the benefit of our staff and our subcontractors. To this end, we have adopted the safety plan provided by the Main Contractors to promote occupational health and safety at project sites and to ensure compliance with the applicable laws and regulations in Hong Kong.

The safety plan is documented in writings and supplemented with instructions and graphs. We have qualified safety supervisors to monitor and implement the safety plan to ensure work safety of our staff and subcontractors' technicians. We will continue to put adequate resources and effort to uphold and improve our safety management in order to reduce our risks related to safety issues. Our staff safety manual adopted and used during the Track Record Period sets out work safety measures to prevent common accidents which could happen at project sites. We have also set up an occupational health and safety management system to promote safe working practices among all employees and to prevent the occurrence of accidents in February 2013. As a result, our occupational health and safety management system has been certified compliance with OHSAS 18001:2007 by ACIL.

The safety officer of the Main Contractor is responsible to (i) prepare and submit investigation report of any occupational accident happened at project site to Labour Department and the project employer; (ii) carry out safety review and improve safety measures, if necessary, to prevent similar accidents in future; and (iii) update the record of accident rate of the Main Contractor. Such accident investigation report contains information including but not limited to (i) documentation of accident details; (ii) colour photos taken in respect of the accident scene; (iii) safety training record of the injured person; (iv) employment contract of the injured person; and (v) the letter issued by the injured person's employer stating his average working days per month. Our Directors confirmed that during the years ended 31 March 2012, 2013 and 2014 and the period from 1 April 2014 up to the Latest Practicable Date, our Group has recorded nil, 5 (all of which are pending claims), 8 (2 of which have been settled and 6 of which are pending claims) and 10 (3 of which has been settled and 7 of which are pending claims) accidents, which involved our employees or our subcontractors' employees. Having considered that our accident rates per 1,000 workers over the Track Record Period ranged from nil to 16.9, which are lower than the industry average of 40.8 in 2013 and none of the accident has resulted in fatal injury, our Directors are of the view that our occupational health and safety management system is effective. Further details of the occupational accidents are set out in the section headed "Business — Litigation, arbitration and potential claims" in this prospectus.

To improve the safety standard and reduce the re-occurrence of workplace accidents for our Group's projects, we have taken or reinforced the following measures:

1. our safety supervisors have been communicating closely with the Main Contractors for the purposes of delivering safety updates to subcontractors;

2. project meetings are held regularly within our project management team to identify and follow up key safety issues;

3. our safety supervisors have performed regular site visits to project sites to ensure that all installation works are carried out in accordance with the safety plans issued by the Main Contractors;

4. our safety supervisors are responsible for monitoring work safety and they will report to the Main Contractors if any safety issues are noted;

5. our project management teams have arranged and will ensure our subcontractors attend all safety trainings provided by the Main Contractors; and

6. our project management teams have distributed updated safety guidelines to our subcontractors in relation to the proper use of equipment and maintenance of safe workplaces.

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

For the year ended 31 March 2012	—
For the year ended 31 March 2013	3.6
For the year ended 31 March 2014	5.4

Note 1: LTIFR is a frequency rate that shows how many lost time injuries (LTIs) occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFR is calculated as multiplying the number of lost time injuries of our Group happened in the financial year by 1,000,000 and then dividing by the number of hours worked by our staff and the estimated number of hours worked by the subcontractors' workers over that financial year.

Note 2: Our LTIs were determined based on the internal record of our Group.

Note 3: The estimated number of hours worked by the subcontractors' workers over a financial year is calculated by dividing the estimated portion of our subcontracting fee related to direct labour (around 47%) for the financial year end by average daily wage of worker in the Building Services industry extracted from the statics issued by the Government and multiplied by the estimated number of working hours of each worker over the financial year (i.e. 52 weeks x 6 working days per week x 10 working hours per day).

INSURANCE

In general, pursuant to the contracts entered into between our customers and our Group and confirmed by our Directors as a standard and common industry practice, the Main Contractors will be responsible for employees' compensation insurance and contractor's all risks insurance for the projects. The coverage of such insurance policies includes works performed by the Main Contractors and its subcontractors (including us and our subcontractors). However, we are required to maintain basic insurance for our employees who work at our office as required by relevant laws and regulations of Hong Kong. It is therefore confirmed by our Directors that save for the accidents occurred at our office and vehicle damage which are covered by the insurance maintained by our Group, projects undertaken by us and the relevant employees are respectively protected by the insurance maintained by the Main Contractors in general, the terms of which depend on the relevant contracts. Save for a few exceptional circumstances, we normally do not take out separate insurance policies in relation to each project but will rely on the insurance policies taken out and maintained by the Main Contractors. The exceptional circumstances are: (i) our Group is the Main Contractor of the project in which case our Group will take out and maintain employees' compensation insurance and contractors' all risks insurance; and (ii) our Group is specifically required in contracts with our customers to take out separate insurance policies.

We consider the aforesaid insurance coverage sufficient for our liabilities under employees' compensation claims and personal injuries actions at the project sites. Taking into account the insurances taken out by our Group, our Directors believe that we have obtained adequate insurance coverage for the operation of our business.

COMPETITION

According to the Ipsos Report, competition in the Building Services industry in Hong Kong is highly fragmented, with over thousands of registered contractors in the overall industry in Hong Kong. Holding registrations under different authorities will enable contractors to gain advantage over competitors when tendering for Building Services engineering works. In the Hong Kong Building Services industry, there are over 6,000 registered contractors in electrical and extra low voltage installation works, around 200 registered contractors in air-conditioning installation works and around 300 contractors in fire services installation works.

Our Directors consider that there are entry barriers of the Building Services industry in Hong Kong which hinder new players from entering into the industry. Such entry barriers include (i) credible track record built over years of high quality of projects; (ii) attracting experienced and qualified technical personnel; and (iii) attainment of required registrations under different authorities for different types of works, details of which are described in the section headed "Industry Overview — Competitive landscape of the Building Services industry in Hong Kong — Entry barriers of the Building Services industry in Hong Kong" in this prospectus.

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

- experienced management and professional project management teams;
- multi-design capability and diversified technical knowledge;
- long-term relationships with some of our major customers;
- our extensive network with our major suppliers and subcontractors;
- stringent quality control and commitment to high safety standard and environmental management; and
- long-term history and good reputation with a proven track record developed in the Building Services industry.

Details of our Group's competitive strengths are set out in the section headed "Business — Competitive strengths" in this prospectus.

INTELLECTUAL PROPERTY RIGHTS

We have marketed our business in Hong Kong using 馮氏 as our trademark, and the registration of our trademark in Hong Kong is in progress up to the Latest Practical Date and is expected to be completed after Listing. Detailed information of our intellectual property rights is set out in the section headed "Our intellectual property rights" in Appendix V to this prospectus.

EMPLOYEES

As at the Latest Practicable Date, we had 79 full-time employees who were directly employed by our Group in Hong Kong. A breakdown of our employees by function is set forth below:

	As at the Latest Practicable Date
Directors	3
Tender department	2
Engineering department	54
Personnel and administration department	16
Finance and procurement department	4
Total	79

The relationship and cooperation between our management and employees have been good and is expected to remain amicable in the future. There has not been any incidence of work stoppage during the Track Record Period, which adversely affected our operations.

We believe that our employees are important assets to our Group. New employees would be required to undergo training to familiarise themselves with the rules and regulations and the requirements of their job before they start work. They are also subject to a three-month probation period. At the end of the probationary period, they will become full-time employees if their respective supervisors are satisfied with their performance during the probationary period.

We also emphasise on the continuing education and quality training of our staff and developing their management and decision-making abilities to enhance their work performance. We will provide training programmes to our relevant employees to assist them in acquiring advanced knowledge and skills in respect of occupational safety and quality control. We consider that our training programme is not only used as a platform to constantly upgrade the skills of our employees, it is also used to encourage greater cohesion within our Group, so as to increase overall efficiency and employees loyalty to our Group, and also as a mean of retaining our quality employees.

We aim to review the performance of our employees at least once a year, the results of which are used in determining annual bonus, salary adjustments and promotion appraisals. We conduct research on remuneration packages offered for similar positions in the Building Services industry in Hong Kong, which we believe helps us remain competitive in the labour market.

PROPERTIES

We own a workshop unit with saleable area of approximately 12,541 sq.ft. in an industrial building and 11 parking spaces located at Hong Kong. This workshop unit is occupied by us as our office. Further details of the properties held by our Group are set forth in Appendix III to this prospectus.

Our Group has entered into a provisional agreement for sale and purchase on 13 August 2014 to acquire a unit with gross area of approximately 970 sq.ft. located at Unit H5, 11/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong. The unit is in the same building of our existing workshop unit in Hong Kong. Our Directors confirmed that the unit will be used for our Group's general office use. Pursuant to the provisional agreement for sale and purchase, the purchase price of the unit shall be HK$4.13 million and the balance of purchase price shall be paid upon completion on or around 30 September 2014. Our Directors confirmed that the vendor of the unit is an Independent Third Party. Our Directors also confirmed that except for the property interests in the valuation report set out in Appendix III to this prospectus, no single property interest (including the aforesaid unit to be acquired) that forms part of our non-property activities has a carrying amount of 15% or more of our total assets as at 31 March 2014.

Based on the above, we have not included the aforesaid unit to be acquired in the valuation report as set out Appendix III to this prospectus pursuant to Rule 5.01A(2) of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice.

INTERNAL CONTROL

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

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

RISK MANAGEMENT

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

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

Risk control

Our risk register has identified certain risks that require management, including inappropriate and inconsistent practices, failure to detect unethical behaviors, wrong doings or potential frauds and unauthorised access to confidential information. In order to control such risk, our Group has endorsed staff handbook and Company policies which requires all Directors and employees of our Group to observe.

Regulatory risk management

Upon Listing, our Group may be exposed to the risks of non-compliance with the Listing Rules. We have assigned designated personnel to update the context of Company policies at least annually and to distribute to all Directors and employees new amendments of the Listing Rules. We have appointed Ample Capital Limited as Compliance Adviser to advise us on compliance issues. All Directors and employees will be required to attend training to refresh their understanding of staff handbook and Company policies at least annually. Our Group will also retain a legal advisor to advise us on compliance matters with applicable Hong Kong laws and regulations.

Operational risk management

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

Credit risk management

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

In addition, our executive Directors also take into account the length of business relationship, past reputation, financial strength and repayment history of each of our customers for monitor the payments. Settlement is monitored by our project managers and our finance department. For overdue balances, our executives Directors and project managers will be alerted and appropriate follow up action will be taken. When the accounts receivable balances remain unsettled after the agreed credit terms, they will be classified as overdue. For the years ended 31 March 2012, 2013 and 2014, our Group did not make any provision for doubtful debts relating to accounts receivable.

Market risk management

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

CORPORATE GOVERNANCE MEASURES

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

(i) we have established the audit committee, remuneration committee and nomination committee with respective written terms of reference in accordance with the code provisions contained in the Code. The section headed "Directors and Senior Management — Board committees" in this prospectus set out further information;

(ii) our Board has adopted the terms of reference with regard to corporate governance and a shareholders' communication policy in accordance with the code provisions of the Code;

(iii) we will arrange appropriate insurance cover on our Directors' liabilities in respect of legal actions against our Directors arising out of corporate activities before the Listing;

(iv) we have appointed three independent non-executive Directors representing more than one third of the Board and at least one of them has accounting expertise;

(v) the chairman of our Board is Mr. Fung whereas the chief executive of our Company is Ir Wong Chi Wai. The roles of the chairman and the chief executive will be separate and distinct;

(vi) our Directors will operate in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested;

(vii) pursuant to the Code, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our cost;

(viii) our Company will adopt a comprehensive Company policies covering legal and regulatory compliance with reference to the Code;

(ix) our Company will consider engaging an independent internal control consultant to perform regular review on corporate governance to ensure on-going compliance after Listing; and

(x) our Directors will attend professional development seminar including but not limited to the corporate governance to ensure on-going compliance after Listing.

LITIGATION, ARBITRATION AND POTENTIAL CLAIMS

During the Track Record Period and up to the Latest Practicable Date, we had been involved in a number of claims, litigations and pending or threatened claims against our Group.

The claims against us are related to (i) employees' compensation claims and personal injuries claims; (ii) wage claims; and (iii) industrial safety charges. None of the claims are related to any disputes with our customers. As at the Latest Practicable Date, there was no outstanding legal or arbitration proceeding against us. Set out below are the details of the potential claims and litigations against our Group as at the Latest Practicable Date, and the material claims and litigations against our Group settled (whether by way of court judgment or award or settlement) during the Track Record Period and up to the Latest Practicable Date:

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

No.	Details of incident and nature of injuries	Date of the incident	Underlying causes of incident	Relationship	Status
Neither employees' compensation claim nor personal injuries action have been commenced					
1.	The injured was standing on a ladder and doing some measurement and he fell down from the ladder suddenly; bone fracture	7 January 2014	Falling from height	Employee of subcontractor	No claims with particulars have been filed with the court yet
2.	The injured lost balance and fell on the floor when he was trying to lift work materials; lower back sprain	23 January 2014	Trapped by collapsing or overturning object	Employee of subcontractor	No claims with particulars have been filed with the court yet
3.	The injured fell from and was trapped in a mobile scissor platform; crushing of chest	10 May 2014	Worker's lapse of attention and lack of communication with colleagues	Employee of subcontractor	No claims with particulars have been filed with the court yet
4.	The injured fell down from the ladder when he was installing lamp; injury to his waist and legs	19 June 2014	Falling from height	Employee of subcontractor	No claims with particulars have been filed with the court yet
5.	The injured fell down on the ground when he was transporting materials; knee fracture	4 July 2014	Injured when transporting materials	Employee of subcontractor	No claims with particulars have been filed with the court yet
6.	The injured slipped on ground when he was installing water tower; wounding to hand	10 July 2014	Slipping on ground	Employee of subcontractor	No claims with particulars have been filed with the court yet
7.	The injured slipped on ground; neck injury	20 September 2014	Slipping on ground	Employee of subcontractor	No claims with particulars have been filed with the court yet

No.	Details of incident and nature of injuries	Date of the incident	Underlying causes of incident	Relationship	Status
Employees' compensation claims had been settled but personal injuries action has not been commenced					
8.	The injured fell from a curb which was approximately 1-meter high above the ground; left ankle fracture resulting in residual pain and stiffness	11 April 2012	Falling from height	Employee of subcontractor	The employee's compensation claim was settled with a sum of HK$270,923.3
9.	The injured slipped on ground when he was changing a water valve; mild scratches on back and arm	1 September 2012	Slipping on ground	Employee of subcontractor	The employee's compensation claim was settled with a sum of HK$86,120.0
10.	The injured fell from a ladder; right scapula fracture resulting in right shoulder pain and stiffness	10 November 2012	Falling from height	Employee of subcontractor	The employee's compensation claim was settled with a sum of HK$104,104.0
11.	The injured was hurt while handling tools and equipment; right hand finger fracture	1 February 2013	Inappropriate use of hand tools and equipment	Employee of Fungs E & M	The employee's compensation claim was settled with a sum of HK$71,876.0
12.	The injured suffered from knee pain in the middle of work; right knee injury resulting in right knee stiffness and pain	21 March 2013	Pulling of knee ligament whilst getting changed	Employee of Fungs E & M	The employee's compensation claim was settled with a sum of HK$20,309.9
13.	The injured was hurt while handling tools and equipment; left thumb injury resulting in left thumb scar and paraesthesia	15 May 2013	Inappropriate use of hand tools and equipment	Employee of Fungs E & M	The employee's compensation claim was settled with a sum of HK$13,626.0
14.	The injured fell down while he was transporting materials onsite; head and mouth injuries resulting in left lip scar	18 June 2013	Falling from height	Employee of subcontractor	The employee's compensation claim was settled with a sum of HK$11,544.0
15.	The parts and equipment exploded when the injured was conducting test against a pipe. The explosion damaged the glasses of the injured and hurt his eyes; eye injury	26 August 2013	Inappropriate use of hand tools and equipment	Employee of subcontractor	The employee's compensation claim was settled with a sum of HK$115,076.7
16.	The injured twisted his ankle when he was climbing down from a ladder; twisted ankle	10 December 2013	Slipping on ground	Employee of Fungs E & M	The employee's compensation claim was settled with a sum of HK$1,917.8
17.	The injured was carrying work materials whilst installing air-conditioners and the materials slipped from his hands; scratches on head	23 April 2014	Head injured by falling objects	Employee of subcontractor	The employee's compensation claim was settled with a sum of HK$5,000
18.	The injured was hurt by the rubber duct when performing test against the ventilation system; upper lip injury	31 July 2014	Injured by tools and parts	Employee of subcontractor	The employee's compensation claim was settled with a sum of HK$6,800

As advised by our Directors, as at the Latest Practicable Date, there were 18 potential claims. Among these 18 potential claims, 7 injured persons had neither commenced the employees' compensation claims nor personal injuries actions against our Group during the Track Record Period and up to the Latest Practicable Date; while the employees' compensation claims of the other 11 injured persons had been fully settled in the aggregate amount of HK$707,297.7, but the relevant personal injuries actions had not been commenced as at the Latest Practicable Date. The injured persons in the said potential claims (i.e. 7 potential claims for employees' compensation and personal injuries and 11 potential claims for personal injuries) have yet to reach any settlement with the insurers or take any court action against the insurers, their respective employers and/or Fungs E & M.

The time limit for an injured person to commence legal proceedings for an employees' compensation claim is 2 years from the date of the relevant incidents, while the time limit for a personal injuries action is 3 years from the date of the relevant incidents. As such, all of the above potential claims are still within the limitation period. As such injured persons have not yet filed claims with particulars, we are not in a position to assess the likely quantum of such potential claims. In any event, our Group has relied on insurance maintained by the Main Contractors for projects undertaken by us and maintained our basic insurance for our employees as required by relevant laws and regulations of Hong Kong to cover any liabilities arising from these accidents in respect of claims for employee's compensation or personal injuries claims and as at the Latest Practicable Date, notices of the accident had been given to the insurers.

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

Apart from the settled employees' compensation claim as set out in the table above, we had also settled the below litigations and claims during the Track Record Period and up to the Latest Practicable Date.

Litigations

No.	Details of incident and/ or nature of injuries (if applicable)	Date of the incident	Name(s) of Plaintiff(s)/ Applicant(s)	Name(s) of the Defendant(s)/ Respondent(s)	Underlying causes of incident	Amount settled/fined
1.	Wages claim (Claim no. LBTC1933/2012) Claimed for outstanding fees and reimbursement of expenses.	The claim was filed to the Labour Tribunal on 10 April 2012	Chow Man Wai, an employee of a subcontractor	Fungs E & M and a subcontractor	Fees and reimbursement outstanding	HK$35,000.0 (settled)
2.	Employee compensation claim (action no. DCEC16/2011) The plaintiff was standing on a ladder and doing some measurement in the course of employment. The ladder suddenly broke and as a result, the plaintiff lost balance and fell from a ladder and hit onto the ground with his left side of the body; elbow bone fracture.	20 August 2008	Wu Hsin Hung, an employee of a subcontractor	Fungs E & M, main contractor and subcontractor	Falling onto the ground after ladder suddenly broke	HK$342,916.8 (settled)

No.	Details of incident and/ or nature of injuries (if applicable)	Date of the incident	Name(s) of Plaintiff(s)/ Applicant(s)	Name(s) of the Defendant(s)/ Respondent(s)	Underlying causes of incident	Amount settled/fined
3.	Personal injuries claim (action no. HCPI601/2011) The plaintiff was standing on a ladder and doing some measurement in the course of employment. The ladder suddenly broke and as a result, the plaintiff lost balance and fell from a ladder and hit onto the ground with his left side of the body; elbow bone fracture.	20 August 2008	Wu Hsin Hung, an employee of a subcontractor	Fungs E & M, main contractor and subcontractor	Falling onto the ground after ladder suddenly broke	HK$475,000.0 (settled)
4.	Industrial safety action (Case no. TMS4287/2013) Breach of Regulations 6, 31(1) and 31(2) Factories and Industrial Undertakings (Electricity) Regulations made under Factories and Industrial Undertakings Ordinance (Cap.59)	24 October 2012	The case was laid by the Labour Department	Fungs E & M	The exposed metal parts of a wall switch at a construction site was not insulated and effectively protected to prevent electrical hazards in accordance with the relevant regulations	HK$5,000 (fined)
5.	Industrial safety action (Case no. TMS4288/2013) Breach of Regulations 6, 31(1) and 31(2) Factories and Industrial Undertakings (Electricity) Regulations made under Factories and Industrial Undertakings Ordinance (Cap.59)	24 October 2012	The case was laid by the Labour Department	Fungs E & M	The exposed live conductors of a control panel at a construction site was not insulated and effectively protected to prevent electrical hazards in accordance with the relevant regulations	HK$5,000 (fined)
6.	Wages claim (Claim no. LBTC1859/2014)	The claim was filed to the Labour Tribunal on 20 June 2014	Liu Chi Fung, Lai Wai Lung, Chung Wai Kit, Chung Kwok Hung and Chan Bun Yuen, employees of a subcontractor	Fungs E & M, project employer, contractor, a subcontractor, and two individuals	Outstanding wages	HK$61,800.0 (settled)

Other claims — no legal proceedings were involved

No.	Details of incident and nature of injuries	Date of the incident	Underlying causes of incident	Relationship	Amount settled
7.	The injured was hurt while handling tools and equipment; mild elbow injury	25 April 2013	Inappropriate use of hand tools and equipment	Employee of Fungs E & M	HK$8,360.0
8.	The injured was hurt while handling tools and equipment; mild leg injury	5 August 2013	Inappropriate use of hand tools and equipment	Employee of subcontractor	HK$2,400.0
9.	The injured was hurt while dust entered into his left eye when he was using an electric drill; injury to left eye	19 June 2014	Inappropriate use of hand tools and equipment	Employee of Fungs E & M	HK$3,300
10.	Bee sting during work; injury to forehead	28 August 2014	Bee sting	Employee of Fungs E & M	Under negotiation
11.	The injured was hurt while handling and transporting parts; waist sprain	19 September 2014	Injured when transporting tools	Employee of subcontractor	HK$3,670

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

Given that the claims and potential claims for employees' compensation or personal injuries claims against our Group are covered by insurance, our Directors are of the view that the claims as disclosed above have no material adverse impact on the operation or financial position or business of our Group. In order to further promote work safety and to reduce the risk of work place accidents for our employees and subcontractors' workers, other than adhering to the safety plan for each of our projects, our Group will seek to prevent accidents by reinforcing our current safety practice, details of which are set out in the section headed "Business — Work safety" in this prospectus.

You should read this section in conjunction with our Group's audited combined financial information, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus (the "Combined Financial Information"). Our Group's Combined Financial Information has been prepared in accordance with HKFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

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

OVERVIEW

We are principally engaged in the provision of Building Services in Hong Kong. We had undertaken more than 90 Building Services engineering projects, including one-off and retainer projects, during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, we have over 60 one-off projects in progress and retainer projects with contract period ending later than the Latest Practicable Date, with a total estimated outstanding contract sum and work order value of approximately HK$1,211.3 million. Further details of our projects are set out in the section headed "Business — Our engineering projects" in this prospectus. According to the Ipsos Report, we are one of the five largest Building Services companies in Hong Kong and have a market share of approximately 2.2% in terms of revenue in 2013. Our business is undertaken by our operating subsidiary, Fungs E & M, a Building Services engineering specialist in various building works in both public and private sectors in Hong Kong.

The engineering works undertaken by us are mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works. In executing a project, we principally participate in the design of Building Services systems, sourcing of appropriate materials and components, subcontracting and supervising installation works and system testing for our customers. We undertake engineering projects in both public and private sectors, which are mainly building related projects including (i) new building development; and (ii) existing building renovation. For the years ended 31 March 2012, 2013 and 2014, all of our revenues were derived in Hong Kong.

According to the Ipsos Report, it is estimated that the gross output value of the Building Services industry in Hong Kong will grow from approximately HK$19.5 billion in 2009 to approximately HK$33.8 billion in 2018. In view of the growth drivers of the Building Services industry in Hong Kong, including (i) the initiatives undertaken by the Hong Kong government to stabilise property market prices by increasing the supply of both

private and public residential units; (ii) the increase in number of old buildings in Hong Kong to approximately 20,000 by 2023 causing more renovation works to be carried out on these buildings to update or repair their aged building systems to ensure full functionality; and (iii) the shift towards more intelligent buildings increasing the demand for more advanced and energy efficient Building Services system in an increasingly environmental aware society, our Directors expect there will be more opportunities for our business in both public and private sectors and our revenue will grow steadily in future. Our revenues for the years ended 31 March 2012, 2013 and 2014 were approximately HK$339.5 million, HK$424.4 million and HK$581.5 million respectively, representing a CAGR of approximately 30.9%. For the years ended 31 March 2012, 2013 and 2014, our five largest customers accounted for approximately 86.7%, 86.3% and 84.8% of our revenue respectively; and our largest customer accounted for approximately 51.7%, 44.3% and 47.7% of our revenue respectively.

SUMMARY OF HISTORICAL COMBINED FINANCIAL INFORMATION

The selected financial information from our combined statements of profit or loss and other comprehensive income for the years ended 31 March 2012, 2013 and 2014 set forth below is extracted from the Accountants' Report included in Appendix I to this prospectus, and should be read in conjunction with the Accountants' Report set forth in Appendix I to this prospectus.

Combined statements of profit or loss and other comprehensive income

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
REVENUE	339,544	424,411	581,494
Contract costs	(295,730)	(362,579)	(506,500)
Gross profit	43,814	61,832	74,994
Other income and gains	470	59	496
Administrative expenses	(14,426)	(13,027)	(13,785)
Finance costs	—	(82)	(557)
Other expenses	—	—	(5,451)
PROFIT BEFORE TAX	29,858	48,782	55,697
Income tax expense	(4,947)	(8,091)	(10,419)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	24,911	40,691	45,278
Profit and total comprehensive income attributable to owners of the parent	24,911	40,691	45,278

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the laws of the Cayman Islands on 21 May 2014. Through a corporate reorganisation as further explained in the section headed "History and Reorganisation — Corporate reorganisation" to this prospectus (the "Reorganisation"), our Company became the holding company of the subsidiaries now comprising our Group on 22 September 2014. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period. The combined statements of financial position as at 31 March 2012, 2013 and 2014, present the assets and liabilities of the companies now comprising our Group, as if the current group structure had been in existence at those dates. The combined financial statements, which are presented in Hong Kong dollars, have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Companies Ordinance. HKFRSs include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations.

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

FACTORS AFFECTING THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including those set out below and in the section headed "Risk Factors" in this prospectus.

Market demand

Our results of operations are directly affected by our revenue which depends on the market demand for our Building Services engineering works. Market demand for our services is affected by the Hong Kong government's spending budget on public works and other macroeconomic factors. During the Track Record Period, our revenue was significantly influenced by the size and number of Building Services engineering projects undertaken by us.

Pricing of our Building Services engineering projects and variation orders

The Building Services engineering projects undertaken by us are normally awarded by way of Restricted Tender from our customers who are mainly the Main Contractors in Hong Kong. We determine our price taking into consideration of various factors, including but not limited to the scale, complexity and specifications of the projects, our capacity, the estimated project cost (which mainly includes the direct labour cost, subcontracting fees and material costs), historical fees we received for similar projects, the current fee level in the market and competitive conditions at the contract negotiation stage. While it is our objective to charge a reasonable price to maximise the shareholders' value, offering a less

competitive price than our competitors may render our quotation unsuccessful. Offering a price below the actual cost may on the other hand erode or eliminate our gross profit and affect our financial results. Failure to balance the various factors in determining price will adversely affect our financial performance and results of operation.

In addition, we may be given variation orders where our customers amend the specification and scope of works from that originally contracted. A variation order may increase, omit or vary the original scope of work and adjust the original contract sum. We estimate the costs of each variation order and may negotiate with the customers for the charge of additional costs incurred. Variation orders may affect our profit margin as prices for additional purchases or subcontracting services have to be negotiated with our suppliers and subcontractors, and we may not be able to maintain the same gross profit margin for a variation order as that for the original contract as a result of higher material costs or subcontracting fees.

Unexpected fluctuation in contract costs

The Building Services engineering projects undertaken by us are normally awarded by way of Restricted Tender from our customers. We need to estimate the work time and costs in order to determine the quotation price. The main components of our estimated project costs are material costs and subcontracting fees. We purchase materials from our suppliers, such as cables and lighting equipments which are in turn dependent on the prices of the underlying commodities such as copper and steel. In addition, we also engage subcontractors for physical installation works relating to our Building Services engineering projects. The actual costs of service may deviate from our estimation. There may be fluctuations in the contract costs during the actual implementation of the project. In the event that the contract costs increase unexpectedly to the extent that our Group has to incur substantial extra costs without sufficient compensations, the financial performance and profitability of our Group will be adversely affected.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our cost of materials and subcontracting fees on our profit before tax during the Track Record Period, assuming all other variables remained constant. Fluctuations in our material costs are assumed to be 5%, 10% and 15%, which are determined by reference to the historical fluctuations in the prices of our major materials during the Track Record Period and our material costs accounted for approximately 26.7%, 25.2% and 27.1% of our actual contract costs for the years ended 31 March 2012, 2013 and 2014 respectively. Fluctuations in our subcontracting fees are assumed to be 3%, 6% and 9%, which are determined by reference to the historical fluctuations in our subcontracting fees during the

Track Record Period and our subcontracting fees accounted for approximately 64.9%, 66.4% and 64.0% of our actual contract costs for the years ended 31 March 2012, 2013 and 2014 respectively.

Hypothetical fluctuations of our cost of materials	**+/–5%** *HK$'000*	**+/–10%** *HK$'000*	**+/–15%** *HK$'000*
Increase/decrease in material costs			
Financial year ended 31 March 2012	+/–3,738	+/–7,477	+/–11,215
Financial year ended 31 March 2013	+/–4,967	+/–9,934	+/–14,901
Financial year ended 31 March 2014	+/–6,425	+/–12,850	+/–19,275
Decrease/increase in profit before tax			
Financial year ended 31 March 2012	–/+3,738	–/+7,477	–/+11,215
Financial year ended 31 March 2013	–/+4,967	–/+9,934	–/+14,901
Financial year ended 31 March 2014	–/+6,425	–/+12,850	–/+19,275

For the years ended 31 March 2012, 2013 and 2014, our gross profit amounted to approximately HK$43.8 million, HK$61.8 million and HK$75.0 million respectively. For illustrative purpose, we would have recorded a breakeven in our gross profit if our material costs increased by approximately 58.6%, 62.2% and 58.4%, respectively, for the years ended 31 March 2012, 2013 and 2014.

Hypothetical fluctuations of our subcontracting fees	**+/– 3%** *HK$'000*	**+/– 6%** *HK$'000*	**+/–9%** *HK$'000*
Increase/decrease in subcontracting fees			
Financial year ended 31 March 2012	+/–5,458	+/–10,916	+/–16,374
Financial year ended 31 March 2013	+/–7,834	+/–15,669	+/–23,503
Financial year ended 31 March 2014	+/–9,113	+/–18,225	+/–27,338
Decrease/increase in profit before tax			
Financial year ended 31 March 2012	–/+5,458	–/+10,916	–/+16,374
Financial year ended 31 March 2013	–/+7,834	–/+15,669	–/+23,503
Financial year ended 31 March 2014	–/+9,113	–/+18,225	–/+27,338

For illustrative purpose, we would have recorded a breakeven in our gross profit if our subcontracting fees increased by approximately 24.1%, 23.7% and 24.7%, respectively, for the years ended 31 March 2012, 2013 and 2014.

CRITICAL ACCOUNTING POLICIES

Our Group has identified certain accounting policies that are significant to the preparation of the Combined Financial Information in accordance with HKFRSs. These significant accounting policies which we believe are important for an understanding of the financial condition and results of operation of our Group. For more details regarding other accounting policies, please refer to the Accountants' Report in Appendix I to this

prospectus. Some of the accounting policies involve subjective assumptions and estimates, as well as complex judgment related to accounting items such as assets, liabilities, income and expenses. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ under different assumptions and conditions. Our management has identified below accounting policies and estimates that are most critical to the preparation of our Combined Financial Information.

Revenue recognition

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

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

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

(c) rental income, on a time proportion basis over the lease terms.

Construction, renovation and other contracts

Contract revenue comprises the agreed contract amount or fixed rate per unit of output and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from contracts is recognised on the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the relevant contracts. Revenue from retainer projects is recognised on the percentage of completion method because all works under a particular retainer project are carried out at a fixed rate and such contract is negotiated for a combination of assets with similar nature. In applying percentage of completion method to a retainer project, our Group first estimates the total work order value of retainer project based on relevant tender document issued by project employer. Estimated contract cost would then be calculated by reference to estimated total work orders, our past experience in performing projects with similar nature and other factors. Revenue is recognised by reference to billings received in relation to work orders performed by us and contract costs would be determined by the percentage of completion as calculated by dividing the billings received over total estimate work order value of the relevant retainer project. There is generally no difference handled by us in the technical nature of our services and works between one-off projects and retainer projects.

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

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. Our Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that our Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Our Group's financial assets include accounts and other receivables, deposits, and cash and cash equivalents.

Subsequent measurement

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

Impairment of financial assets

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

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

Our Group's financial liabilities include accounts and other payables, accruals of costs for contract works and interest-bearing bank loans.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by our Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for

transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, our Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of each reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Income tax

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

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

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

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

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

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

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

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

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

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

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

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

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Revenue represents contract revenue recognised for the provision of Building Services to our customers in the Hong Kong construction industry, amounted to approximately HK$339.5 million, HK$424.4 million and HK$581.5 million for the years ended 31 March 2012, 2013 and 2014 respectively. Our revenue is recognised based on the stage of completion of our projects. The following tables set forth breakdowns of our revenue by sector and project type during the Track Record Period:

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
— Private sector	46,311	104,775	127,460
— Public sector	293,233	319,636	454,034
	339,544	424,411	581,494

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
— One-off projects	113,613	174,858	259,552
— Retainer projects	225,931	249,553	321,942
	339,544	424,411	581,494

Contract costs

Contract costs primarily consists of (i) subcontracting fees; (ii) material costs; (iii) staff costs; and (iv) others. Subcontracting fees represent the fees paid and payable to our subcontractors who provide installation services for the completion of our Building Services engineering projects. Material costs mainly include our purchases of electric cables, lighting equipment, power generator, low voltage main switchboard, chillers and other electrical and electronic devices being installed in our Building Services engineering projects. Staff costs represent compensation and benefits provided to our staff, such as senior project managers, project managers and engineering staff, who supervise the installation works at project sites. Others mainly include motor vehicle expenses and miscellaneous expenses reimbursed our customers such as safety consultation fee and transportation expenses.

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

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Subcontracting fees	181,936	261,149	303,751
Material costs	74,765	99,338	128,499
Staff costs	16,938	20,182	25,835
Others	6,502	12,787	16,170
Actual contract costs	280,141	393,456	474,255
Add: Net movement of gross amount due from customers and accrual of costs for contract works	15,589	(30,877)	32,245
Contract costs	295,730	362,579	506,500

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

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

Gross profit

Our gross profit was approximately HK$43.8 million, HK$61.8 million and HK$75.0 million for the years ended 31 March 2012, 2013 and 2014 respectively. There is no segment reporting for our gross profit because our gross profit was only related to our provision of Building Services during the Track Record Period. The following tables set forth breakdowns of our gross profit and gross profit margin by sector and project type during the Track Record Period:

	Year ended 31 March					
	2012		2013		2014	
	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin
	HK$'000		*HK$'000*		*HK$'000*	
— Private sector	3,030	6.5%	8,629	8.2%	16,503	12.9%
— Public sector	40,784	13.9%	53,203	16.6%	58,491	12.9%
	43,814		61,832		74,994	

	Year ended 31 March					
	2012		2013		2014	
	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin
	HK$'000		*HK$'000*		*HK$'000*	
— One-off projects	9,501	8.4%	21,169	12.1%	22,718	8.8%
— Retainer projects	34,313	15.2%	40,663	16.3%	52,276	16.2%
	43,814		61,832		74,994	

Other income and gains

Other income and gains mainly includes gain on disposal of items of property, plant and equipment and rental income. During the Track Record Period, our Group disposed of certain items of property, plant and equipment, which mainly included motor vehicles, with sales proceeds leading to gain on disposal. In addition, our Group also received rental income from leasing a certain portion of our office to an external party.

Administrative expenses

Administrative expenses consist primarily of staff costs, depreciation and rent and rates. The following table sets out a breakdown of our administrative expenses during the Track Record Period:

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Staff costs	7,384	7,287	7,483
Depreciation	1,328	1,662	3,031
Building management fee	157	157	170
Legal and professional fee	194	—	67
Bank charges	11	13	55
Rent and rates	2,813	1,554	62
Repairs and maintenance	219	267	283
Transportation fees	310	392	374
Auditors' remuneration	185	220	220
Staff welfare	493	549	380
Others	1,332	926	1,660
	14,426	13,027	13,785

Staff costs represent compensation and benefits provided to our Directors and administrative staff of our Group. Rent and rates represent the lease of a workshop unit used as our office and parking spaces during the Track Record Period. Such workshop unit was owned by YWH Limited which is wholly-owned by Mr. Fung. Depreciation expenses for our motor vehicles, furniture, fixtures and office equipment and land and buildings, which are not directly related to our Building Services engineering projects, are recognised as administrative expenses. Others mainly represent our Group's expenditures incurred for printing, office insurance and other utilities.

Finance costs

Finance costs represent interest expenses on interest-bearing bank loans and overdrafts. Our interest-bearing bank loans obtained during the years ended 31 March 2013 and 2014 were mainly used to finance the purchase of a workshop unit used as our office and to finance the execution of our Building Services projects and tax payments. Interests on interest-bearing bank loans and overdrafts were derived on a monthly basis based on the floating rates by reference to HIBOR and the best lending rate respectively.

Other expenses

Other expenses represent the impairment of amount due from Able E & M, which is jointly-controlled by Mr. Fung and Vantage Group, of approximately HK$5.5 million for the year ended 31 March 2014. Further information is set out in the section headed "Financial Information — Analysis of various items from the combined statements of financial position — Prepayments, deposits and other receivables" in this prospectus.

Income tax

Our Group's revenue during the Track Record Period was derived in Hong Kong and, therefore, our Group was subject to profits tax in Hong Kong. Provision for Hong Kong profits tax is provided at the statutory profits tax rate of 16.5% of the estimated assessable profits for the Track Record Period. The effective tax rates of our Group for the years ended 31 March 2012, 2013 and 2014 were approximately 16.6%, 16.6% and 18.7% respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our Group's revenue increased significantly by approximately HK$157.1 million or 37.0% from approximately HK$424.4 million for the year ended 31 March 2013 to approximately HK$581.5 million for the year ended 31 March 2014. Approximately HK$84.7 million and HK$72.4 million of such increase in our revenue was contributed by our one-off projects and retainer projects respectively. The aforesaid increase was mainly attributable to the net effect of:

(i) higher revenue of approximately HK$184.4 million recognised for three one-off projects, namely Project 11, Project 13 and Project 16, which had achieved significant progress in the year ended 31 March 2014, while these projects were still at the preliminary stage and only approximately HK$33.5 million was recognised as revenue in the year ended 31 March 2013;

(ii) higher revenue of approximately HK$146.5 million for five retainer projects, namely Project 26, Project 33, Project 34, Project 35 and Project 36, which we had completed work orders with greater aggregate value in year ended 31 March 2014, while Project 34, Project 35 and Project 36 had not commenced in the year ended 31 March 2013 and the aggregate value of work orders received under Project 26 and Project 33 was relatively low and only approximately HK$61.4 million was recognised as revenue for the year ended 31 March 2013;

(iii) lower revenue of approximately HK$21.5 million recognised for seven one-off projects, namely Project 01, Project 03, Project 06, Project 07, Project 09, Project 10 and Project 12, for the year ended 31 March 2014 as compared to the revenue of approximately HK$89.5 million recognised for the same projects which we had achieved significant completion (i.e. around 69% of completion or above as at 31 March 2013) in the year ended 31 March 2013; and

(iv) lower revenue of approximately HK$81.8 million recognised for two retainer projects, namely Project 24 and Project 25, for the year ended 31 March 2014 as compared to the revenue of approximately HK$95.9 million recognised for the same projects which we had completed work orders with greater aggregate value in the year ended 31 March 2013.

Further details of the aforesaid projects are set out in the section headed "Business — Our engineering projects" in this prospectus.

Contract costs

Our contract costs increased by approximately HK$143.9 million or 39.7% from approximately HK$362.6 million for the year ended 31 March 2013 to approximately HK$506.5 million for the year ended 31 March 2014 due to the increase in amount of engineering works completed by us. Such increase was generally in line with our revenue growth for the year ended 31 March 2014, which was mainly resulted from the increases in purchase of materials, installation works subcontracted to our subcontractors and the number of our engineering staff, particularly for Project 11, Project 13, Project 16, Project 26 and Project 33, which had achieved significant progress or completed work orders with greater aggregate value in the year ended 31 March 2014.

Gross profit and gross profit margin

Due to our revenue growth, our gross profit increased by around 21.3% from approximately HK$61.8 million for the year ended 31 March 2013 to approximately HK$75.0 million for the year ended 31 March 2014, while our gross profit margin generally remained stable with a slight decrease from approximately 14.6% to approximately 12.9%. The slight decrease in gross profit margin was mainly attributable to (i) Project 25, a retainer project accounted for approximately 12.0% of our gross profit for the year ended 31 March 2014, which had a decrease of approximately 5.5 percentage points in gross profit margin due to receiving of less profitable work orders in relation to air-conditioning installation during the year ended 31 March 2014; and (ii) Project 13, a one-off project which accounted for approximately 12.7% of our gross profit for the year ended 31 March 2014 and had relatively low gross profit margin of approximately 10.4% for the year ended 31 March 2014. Our Directors are of the view that although the gross profit margin of Project 13 is lower than our overall gross profit margin of approximately 12.9% for the year ended 31 March 2014 due to competitive conditions at the contract negotiation stage, it is still reasonable for our Group to undertake this project because of the project's sizable expected total contract sum of approximately HK$137.5 million, which contributed to our significant increase in gross profit for the year ended 31 March 2014.

Other income and gains

Our Group's other income and gains increased by approximately HK$437,000 from approximately HK$59,000 for the year ended 31 March 2013 to approximately HK$496,000 for the year ended 31 March 2014. The increase was mainly due to the rental income received from leasing a certain portion of our office to an external party for the year ended 31 March 2014, while no such income was made by our Group for the year ended 31 March 2013.

Administrative expenses

Our Group's administrative expenses increased by approximately 5.8% from approximately HK$13.0 million for the year ended 31 March 2013 to approximately HK$13.8 million for the year ended 31 March 2014. Such increase was mainly due to net effect of (i) the increase in depreciation of approximately HK$1.4 million as a result of the purchase of a workshop unit used as our office in second half of the year ended 31 March 2013 and 10 parking spaces located at Hong Kong during the year ended 31 March 2014; (ii) the increase in other expenses of approximately HK$0.7 million mainly represented the office expenses for coping with the expansion of our operation; and (iii) the decrease in rent and rates of approximately HK$1.5 million which was due to the acquisition of the aforesaid workshop unit used as our office, while the same unit was leased by our Group before such acquisition.

Finance costs

Finance costs increased from approximately HK$82,000 for the year ended 31 March 2013 to approximately HK$557,000 for the year ended 31 March 2014. The increase was mainly attributable to the increase in interest-bearing bank loans from approximately HK$24.6 million as at 31 March 2013 to approximately HK$57.8 million as at 31 March 2014.

Other expenses

We had no other expense for the year ended 31 March 2013. Other expenses of HK$5.5 million for the year ended 31 March 2014 was the impairment of amount due from Able E & M, which is jointly-controlled by Mr. Fung and Vantage Group. Further information is set out in the section headed "Financial Information — Analysis of various items from the statements of financial position — Prepayments, deposits and other receivables" in this prospectus.

Income tax expense

The effective tax rates for the years ended 31 March 2013 and 2014 were approximately 16.6% and 18.7% respectively. The effective tax rate for the year ended 31 March 2014 was slightly higher than the statutory profits tax rate of 16.5% due to non-tax deductible expenses which included (i) the impairment of approximately HK$5.5 million in relation to the amount due from a related party, Able E & M; (ii) the depreciation of approximately HK$1.5 million on land and buildings; and (iii) interest expenses of approximately HK$0.6 million.

Profit and total comprehensive income for the year

Our Group's profit and total comprehensive income for the year ended 31 March 2014 was approximately HK$45.3 million, representing an increase of approximately HK$4.6 million or 11.3% on a year-on-year basis, mainly due to (i) the growth of our revenue of approximately 37.0%; (ii) our generally stable gross profit margin of approximately 12.9%;

and (iii) the fact that the increase in our administrative expenses was less than our gross profit growth in terms of percentage because of our continuous improvement in cost management.

Year ended 31 March 2013 compared to year ended 31 March 2012

Revenue

Our Group's revenue increased by approximately HK$84.9 million or 25.0% from approximately HK$339.5 million for the year ended 31 March 2012 to approximately HK$424.4 million for the year ended 31 March 2013. Approximately HK$61.3 million and HK$23.6 million of such increase in our revenue was contributed by our one-off projects and retainer projects respectively. The aforesaid increase was mainly attributable to the net effect of:

(i) higher revenue of approximately HK$97.6 million recognised for five one-off projects namely Project 02, Project 07, Project 10, Project 12 and Project 13 for the year ended 31 March 2013. These projects were still at preliminary stage or commenced just before the end of the year ended 31 March 2012 and, therefore, only approximately HK$3.4 million was recognised as revenue for that financial year;

(ii) higher revenue of approximately HK$196.0 million recognised for five retainer projects namely Project 22, Project 23, Project 25, Project 26 and Project 27, which we had completed work orders with greater aggregate value during the year ended 31 March 2013, as compared to the revenue of approximately HK$110.1 million recognised for the year ended 31 March 2012;

(iii) lower revenue of approximately HK$5.7 million recognised for two one-off projects namely Project 01 and Project 04 for the year ended 31 March 2013 as compared to the revenue of approximately HK$38.3 million recognised for the same projects which we had achieved significant completion (i.e. around 77% of completion or above as at 31 March 2012) in the year ended 31 March 2012;

(iv) lower revenue of approximately HK$20.2 million recognised for two retainer projects, namely Project 21 and Project 24, for the year ended 31 March 2013 as compared to the revenue of approximately HK$42.5 million recognised for the same projects which we had completed work orders with greater aggregate value in the year ended 31 March 2012; and

(v) lower revenue of approximately HK$3.2 million recognised for a few retainer projects (with contract periods ended prior to the Track Record Period) in the year ended 31 March 2013 as compared to the revenue of approximately HK$43.6 million recognised for the same projects in the year ended 31 March 2012. During the year ended 31 March 2012, we completed most of the work orders given just before the end of the contract periods by our customers under these retainer projects.

Further details of the aforesaid projects are set out in the section headed "Business — Our engineering projects" in this prospectus.

Contract costs

Our contract costs increased by approximately HK$66.8 million or 22.6% from approximately HK$295.7 million for the year ended 31 March 2012 to approximately HK$362.6 million for the year ended 31 March 2013 due to the increase in amount of engineering works completed by us. Such increase was generally in line with our revenue growth for the year ended 31 March 2013, which was mainly attributable to the increases in purchase of materials, installation works subcontracted to our subcontractors and number of our engineering staff, particularly for Project 07, Project 10, Project 13, Project 22, Project 25, Project 26 and Project 27, which had achieved anticipated progress or completed work orders with greater aggregate value in the year ended 31 March 2013.

Gross profit and gross profit margin

Due to our revenue growth, our gross profit increased from approximately HK$43.8 million for the year ended 31 March 2012 to approximately HK$61.8 million for the year ended 31 March 2013, while our gross profit margin remained stable with a slight increase from approximately 12.9% to approximately 14.6%. The slight increase in gross profit margin was mainly attributable to (i) Project 25, a retainer project accounted for approximately 35.4% of our gross profit for the year ended 31 March 2013, which had a higher gross profit margin of over 20% as compared to our overall gross profit margin of approximately 14.6% for the year ended 31 March 2013 due to receiving of more profitable work orders in relation to electrical installation during the year ended 31 March 2013; and (ii) Project 02, a one-off project accounted for approximately 7.9% of our gross profit for the year ended 31 March 2013, which had an original contract sum of approximately HK$7.3 million and variation orders value of approximately HK$8.4 million due to the amendments to project specifications and scope of works requested by our customer. The variation orders value for Project 02 represented a higher gross profit margin than that of the original contract sum due to the simplicity of variation orders given by our customers and higher pre-determined price for certain work items quoted by our Group in the tendering, which in turn caused Project 02 having a relatively high gross profit margin of over 20% for the year ended 31 March 2013.

Other income and gains

Our other income and gains decreased by approximately HK$411,000 or 87.4% from approximately HK$470,000 for the year ended 31 March 2012 to approximately HK$59,000 for the year ended 31 March 2013. Such decrease was mainly due to the fact that certain motor vehicles were disposed of in the year ended 31 March 2012 which incurred a gain of approximately HK$315,000.

Administrative expenses

Our administrative expenses decreased by approximately HK$1.4 million or 9.7% from approximately HK$14.4 million for the year ended 31 March 2012 to approximately HK$13.0 million for the year ended 31 March 2013. Such decrease was mainly due to the net

effect of (i) the increase in depreciation of approximately HK$0.3 million caused by the purchase of a workshop unit used as our office and a parking space located at Hong Kong in the second half of the year ended 31 March 2013; (ii) the decrease in rent and rates of approximately HK$1.3 million which was due to the acquisition of the aforesaid workshop unit, while such unit was leased by our Group during the year ended 31 March 2012; and (iii) the decrease in other expenses of approximately HK$0.4 million resulting from the reduction in donation and sundry expenses.

Finance costs

Finance costs of approximately HK$82,000 was incurred for the year ended 31 March 2013 mainly attributable to the use of banking facilities to purchase a workshop unit used as our office in the second half of the year ended 31 March 2013. We had no finance cost for the year ended 31 March 2012.

Income tax expense

The effective tax rates for the years ended 31 March 2012 and 2013 were approximately 16.6% and 16.6% respectively, which are generally in line with the statutory profits tax rate of 16.5%.

Profit and total comprehensive income for the year

Our Group's profit and total comprehensive income for the year ended 31 March 2013 was approximately HK$40.7 million, representing a significant increase of approximately 63.3% on a year-on-year basis, mainly due to (i) the growth of our revenue of approximately 25.0%; (ii) the slight increase in our gross profit margin from approximately 12.9% to approximately 14.6%; and (iii) the decrease in our administrative expenses which was due to our continuous improvement in cost management.

LIQUIDITY AND CAPITAL RESOURCES

Our Group had met its liquidity requirements principally through a combination of internal resources and bank borrowings during the Track Record Period. Our Group's principal uses of cash have been, and are expected to continue to be, operational costs and investing activities. Upon the Listing, our sources of funds will be a combination of internal generated funds, bank loans and net proceeds from the Share Offer. As at the Latest Practicable Date, we had not experienced any difficulty in raising funds by bank loan and we had not experienced any liquidity problems in settling our payables in the normal course of business and repaying our bank loans when they fall due.

Cash Flows

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

	Year ended 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents at the beginning of year	36,318	28,809	22,920
Net cash flows from operating activities	5,418	4,094	74,373
Net cash flows used in investing activities	(12,927)	(34,583)	(34,035)
Net cash flows from financing activities	—	24,600	33,233
Net (decrease)/increase in cash and cash equivalents	(7,509)	(5,889)	73,571
Cash and cash equivalents at the end of year	28,809	22,920	96,491

Net cash flows from operating activities

Our major operating cash flows are derived mainly from revenues from contract works undertaken by us. Our Group derives its cash inflows from operating activities principally from the receipt of payments from contract works and our cash used in operating activities mainly include subcontracting fees, purchase of materials and direct labour cost. Our net cash flows from operating activities represents our profit before income tax, being adjusted for depreciation, gain on disposal of items of property, plant and equipment, impairment of an amount due from Able E & M, the effects of changes in working capital and Hong Kong profits tax paid.

For the year ended 31 March 2014, we had net cash from operating activities of approximately HK$74.4 million, primarily as a result of profit before tax of approximately HK$55.7 million, adjusted for (i) the depreciation and impairment of approximately HK$3.4 million and HK$5.5 million respectively; (ii) the increase in accounts receivable of approximately HK$11.0 million mainly resulted from the growth of our revenue of approximately 37.0% for the year ended 31 March 2014; (iii) the increase in accruals of costs for contract works of approximately HK$34.3 million caused by the differences in timing of billing and incurrence of contract costs; and (iv) the decrease in accounts payable of approximately HK$4.2 million mainly caused by the decrease in procurement of electric cables of approximately HK$17.0 million in the fourth quarter of the year ended 31 March 2014, and less tax payment of approximately HK$12.1 million for the year ended 31 March 2014. Explanations of fluctuations of the aforesaid items from the combined statements of financial position are set out in the section headed "Financial Information — Analysis of various items from the combined statements of financial position" in this prospectus.

For the year ended 31 March 2013, we had net cash from operating activities of approximately HK$4.1 million, primarily as a result of profit before tax of approximately HK$48.8 million, adjusted for (i) the depreciation of approximately HK$2.0 million; (ii) the increase in accounts receivable of approximately HK$13.5 million mainly resulted from the growth of our revenue of approximately 25.0% for the year ended 31 March 2013; (iii) the

increase in the gross amount due from customers for contract works of approximately HK$20.6 million which was mainly due to the commencement of our several Building Services engineering projects, namely Project 13 and Project 33, which incurred significant start-up costs such as purchase of materials, labour cost and other miscellaneous costs for the year ended 31 March 2013 but relevant completed works were still under verification by our customers; and (iv) the decrease in accruals of costs for contract works of approximately HK$10.3 million caused by the differences in timing of billing and incurrence of contract costs, and less tax payment of approximately HK$4.6 million. Explanations of fluctuations of the aforesaid items from the combined statements of financial position are set out in the section headed "Financial Information — Analysis of various items from the combined statements of financial position" in this prospectus.

For the year ended 31 March 2012, we had net cash from operating activities of approximately HK$5.4 million, primarily as a result of profit before tax of approximately HK$29.9 million, adjusted for (i) the depreciation of approximately HK$1.6 million; (ii) the increase in accounts receivable of approximately HK$25.3 million mainly due to the completion of work orders with significant aggregate value in relation to several retainer projects including project 23, project 24, project 25 and project 26 towards the end of the year ended 31 March 2012; (iii) the increase in accounts payable of approximately HK$3.2 million; (iv) the increase in prepayments, deposits and other receivables of approximately HK$8.6 million; (v) the decrease in the gross amount due from customers for contract works of approximately HK$7.7 million; and (vi) the increase in accruals of costs for contract works of approximately HK$7.9 million caused by the differences in timing of billing and incurrence of contract costs, and less tax payment of approximately HK$10.6 million for the year ended 31 March 2012.

Net cash flows used in investing activities

For the year ended 31 March 2014, we had net cash flows used in investing activities of approximately HK$34.0 million, which was mainly attributable to (i) the payment of the remaining balance of approximately HK$20.0 million relating to the purchase of a workshop unit used as our office in the second half of the year ended 31 March 2013; (ii) the payment of approximately HK$10.9 million for the purchase of 10 parking spaces located at Hong Kong; and (iii) the payment for a life insurance product of approximately HK$6.0 million.

For the year ended 31 March 2013, we had net cash flows used in investing activities of approximately HK$34.6 million, which was mainly attributable to the payment of approximately HK$32.2 million relating to the purchase of a workshop unit used as our office in the second half of the year ended 31 March 2013.

For the year ended 31 March 2012, we had net cash flows used in investing activities of approximately HK$12.9 million, representing (i) the amounts of property, plant and equipment, mainly included motor vehicles, purchased by our Group of approximately HK$1.1 million; and (ii) the advances given to related parties of approximately HK$11.8 million.

Net cash flows from financing activities

For the year ended 31 March 2014, we had net cash flows from financing activities of approximately HK$33.2 million, which was mainly due to the net effect of new interest-bearing bank loans of approximately HK$38.0 million and repayment of interest-bearing bank loans of approximately HK$4.8 million.

For the year ended 31 March 2013, we had net cash flows from financing activities of approximately HK$24.6 million, which was mainly due to the net effect of new interest-bearing bank loans of approximately HK$25.0 million and repayment of interest-bearing bank loans of approximately HK$0.4 million.

For the year ended 31 March 2012, we had no cash flows from or used in financing activities.

ANALYSIS OF VARIOUS ITEMS FROM THE COMBINED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

Our Group's property, plant and equipment mainly consist of (i) a workshop unit used as our office which was purchased at a consideration of approximately HK$52.2 million (including stamp duty and other professional fees) from YWH Limited, a company wholly-owned by Mr. Fung, in the year ended 31 March 2013; (ii) a parking space which was purchased at the cost of approximately HK$2.0 million in the year ended 31 March 2013; and (iii) 10 parking spaces which were purchased at the cost of approximately HK$10.9 million in the year ended 31 March 2014.

Pledged deposit for a life insurance product

We had a pledged deposit for a life insurance product of approximately HK$6.0 million as at 31 March 2014. Our Directors are of the view that the aforesaid life insurance product, which represents a key-man insurance, could (i) provide a favorable protection to our Group with an aim to compensate any financial loss that would arise from the death of our executive Director and facilitate our Group's business continuity; and (ii) guarantee the interest income of our Group. The key-man insurance was purchased from our banker and pledged as collateral with our banker to obtain a bank loan of approximately HK$25.0 million. Mr. Fung, our executive Director, is the insured person of the key-man insurance. He is insured with a sum of US$2.3 million during his lifetime and the beneficiary of the key-man insurance is Fungs E & M. The amount of one-off installment paid in the year ended 31 March 2014 was US$769,452 and the guaranteed interest rate for the key-man insurance is 4.2% per annum for the first year and then a minimum of 2.0% per annum in subsequent year thereafter. A compensation, which refers to the payment arising under the insurance policy, will be paid on the death of the insured person.

Our Directors are of the view that key-man insurance is very common, especially for the companies which have a key person who is responsible for the majority of profits or has a unique and irreplaceable skill set that is vital to the business operation and development.

As a result, it is normal for an employer to take out a key-man insurance policy on the life or health of any employee whose knowledge, work or overall contribution is considered uniquely valuable to the company. Our Directors consider that key-man insurance is able to offset the costs such as recruiting a successor and losses such as a decreased ability to operate efficiently until a successor is recruited which the employer is likely to suffer in the event of the loss of a key person. Further information is set out in the section headed "Pledged deposit for a life insurance product" in Appendix I to this prospectus.

Gross amount due from customers for contract works

Gross amount due from customers for contract works represents the surplus derived when the actual contract costs recorded for our Building Services projects exceed our budgeted contract costs determined by reference to the estimated gross profit margin and the completion status of projects. The significant increase from approximately HK$35.0 million as at 31 March 2012 to approximately HK$55.6 million as at 31 March 2013 was mainly attributable to the commencement of our several Building Services engineering projects, namely Project 13 and Project 33, which incurred significant start-up costs such as purchase of materials, labour cost and other miscellaneous costs for the year ended 31 March 2013 but relevant completed works were still under verification by our customers.

The slight increase in gross amount due from customers for contract works from approximately HK$55.6 million as at 31 March 2013 to approximately HK$57.6 million as at 31 March 2014 was mainly attributable to the execution of a one-off project, namely Project 15, which incurred significant start-up costs such as purchase of materials, labour cost and other miscellaneous costs for the year ended 31 March 2014 but relevant completed works were still under verification by our customers.

Accounts receivable

Our Group's accounts receivable mainly represents contract receivables and retentions receivable. In general, we submit an interim payment application to our customers on a monthly basis with details relating to the amount of work done. Once we have provided our interim payment application, our customer would issue a progress confirmation stating our historical work progress and submit its interim invoice to the project employer. It normally takes less than two weeks for such progress confirmation to be issued and we will issue an invoice to our customers once the progress confirmation is received. Our customers are normally required to make payments to us within seven days after receiving the interim payments from their project employers. The retention money is retained by our customers for our one-off projects at a rate of 1% to 10% of each interim payment made to us and up to a maximum limit of 5% of the total contract sum. Further details of progress payment

and retention money are set out in the section headed "Business — Key project terms" in this prospectus. The following table sets out the breakdown of accounts receivable as at each reporting date:

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Due from third parties	17,144	33,904	33,617
Due from related parties *(note)*	15,897	12,661	21,795
	33,041	46,565	55,412
Contract receivables	26,968	32,045	39,301
Retentions receivable	6,073	14,520	16,111
	33,041	46,565	55,412

Note: Related parties represent Able E & M, Vantage Group and Lanon Group.

The accounts receivable increased significantly from approximately HK$33.0 million as at 31 March 2012 to approximately HK$46.6 million as at 31 March 2013 and further to HK$55.4 million as at 31 March 2014, mainly due to the growth of our revenue of approximately 25.0% and 37.0% for the years ended 31 March 2013 and 2014 respectively. As at 31 March 2012, 2013 and 2014, the retentions receivable were related to 21, 29 and 24 one-off projects in progress respectively. The following table sets forth the turnover days of retention receivables (calculated as the average of beginning and ending total retention receivables for the year divided by 5% maximum retention money derived from one-off projects *(note)*, and multiplied by the number of days in the year, i.e. 365 days) for the financial years indicated:

	For the year ended 31 March		
	2012	**2013**	**2014**
Retention receivables turnover days	283.8 days	429.9 days	430.8 days

Note: Revenue derived from one-off projects is set out in the section headed "Financial Information — Principal components of results of operation — Revenue" in this prospectus.

Our retention receivables turnover days were approximately 283.8 days, 429.9 days and 430.8 days for the years ended 31 March 2012, 2013 and 2014 respectively. The longer retention receivables turnover days for the years ended 31 March 2013 and 2014 were mainly attributable to the undertaking of more one-off projects with significant contract sum and longer work period such as Project 11, Project 13 and Project 16 by our Group.

The following table sets forth the turnover days of contract receivables (calculated as the average of beginning and ending total contract receivables for the year divided by revenue for the year, excluding the 5% maximum retention money for our revenue derived from one-off projects *(note)*, and multiplied by the number of days in the year, i.e. 365 days) for the financial years indicated:

	For the year ended 31 March		
	2012	**2013**	**2014**
Contract receivables turnover days	17.5 days	25.9 days	22.9 days

Note: Revenue derived from one-off projects is set out in the section headed "Financial Information — Principal components of results of operation — Revenue" in this prospectus.

Our contract receivables turnover days were approximately 17.5 days, 25.9 days and 22.9 days for the years ended 31 March 2012, 2013 and 2014 respectively. The shorter contract receivables turnover days for the year ended 31 March 2012 was primarily due to the relatively small opening balance of contract receivables as a result of substantial amount of work done confirmed and settled by our customers before the year ended 31 March 2011. The slight decrease in our contract receivables turnover days from approximately 25.9 days for the year ended 31 March 2013 to approximately 22.9 days for the year ended 31 March 2014 was mainly due to our improved credit management. According to our Directors' experience, the time required for our customers to collect interim payments from their project employers is approximately two weeks after the receipt of our invoice and they are normally required to make payments to us within seven days after receiving the interim payments from the project employers and, therefore, the collection time of payments from our customers is around 20 days to 25 days. In view of the abovementioned time required for collecting the interim payments, our Directors are of the view that the contract receivables turnover days of our Group have been maintained at a reasonable level during the Track Record Period.

Our Directors determine specific provision for doubtful debts on a case-by-case basis. During the Track Record Period, we did not make any provision for doubtful debts in relation to accounts receivable and we did not experience any difficulty in collecting our accounts receivable which caused a significant adverse impact to our business operation. In the event that we notice any events or changes in circumstances which indicate the balances may not be collectible such as the customer has any financial or liquidity problem which may result in difficulty in settling the outstanding payment, relevant provision of impairment of accounts receivable would be made.

The following table illustrates the aging analysis of the accounts receivable as of the end of each reporting dates:

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Past due but not impaired			
One to three months past due	—	—	158
Four to six months past due	135	38	155
Over six months past due	635	1,649	2,380
	770	1,687	2,693
Neither past due nor impaired	32,271	44,878	52,719
	33,041	46,565	55,412

Retentions receivable of approximately HK$0.8 million, HK$1.7 million and HK$2.7 million as at 31 March 2012, 2013 and 2014 were past due.

All of our contract receivables of approximately HK$27.0 million, HK$32.0 million and HK$39.3 million as at 31 March 2012, 2013 and 2014 were not past due.

Approximately 98.7% of the contract receivables as at 31 March 2014 were subsequently settled up to 31 July 2014, while approximately 1.0% of retentions receivable as at 31 March 2014 was subsequently settled up to 31 July 2014. As at 31 July 2014, the full amount of contract receivables of approximately HK$3.0 million from Able E & M as at 31 March 2014 were settled. The contract receivables from Able E & M as at 31 July 2014 was approximately HK$0.9 million.

Prepayments, deposits and other receivables

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Prepayments	1,798	953	246
Deposits	47	74	54
Other receivables	8,043	3,589	105
Due from related parties			
— YWH Limited	450	4	—
— Able E & M	11,150	11,150	8,151
	21,488	15,770	8,556
Impairment of amount due from a related party (Able E & M)	—	—	(5,451)
	21,488	15,770	3,105

Prepayments amounted to approximately HK$1.8 million, HK$1.0 million and HK$0.2 million as at 31 March 2012, 2013 and 2014 respectively. The balance mainly represented the prepayments for employees' compensation insurance and contractor's all risks insurance for our projects. In general, the Main Contractors are responsible for employees' compensation insurance and all risks insurance for the projects. Only in a few exceptional cases, we would purchase the aforesaid insurances. The decrease in such balance as at 31 March 2013 and 2014 was attributable to the amortisation of insurance prepayment over the contract periods of the projects.

Deposits mainly represented utility deposits. Other receivables amounted to approximately HK$8.0 million, HK$3.6 million and HK$0.1 million as at 31 March 2012, 2013 and 2014 respectively, which represented advances given to a customer and a subcontractor. Approximately 97.1% of other receivables as at 31 March 2013 was settled during the year ended 31 March 2014. The decrease in other receivables were mainly attributable to the repayments from our customer and subcontractor during the Track Record Period.

Due from related parties amounted to approximately HK$11.6 million, HK$11.2 million and HK$8.2 million as at 31 March 2012, 2013 and 2014 respectively. The balance mainly represented the advances provided to (i) YWH Limited, a company wholly-owned by Mr. Fung; and (ii) Able E & M, an entity jointly-controlled by Mr. Fung and Vantage Group. Our Group advanced an amount of approximately HK$11.2 million to Able E & M during the year ended 31 March 2012 which was then advanced to an independent third party contractor for the execution of a project of Able E & M. For such project, Able E & M was not the Main Contractor but being the contractor under the Main Contractor appointed to delegate different work tasks of the project to other contractors while our Group was responsible for fire services installation works and the independent third party contractor was responsible for air-conditioning installation works. During the execution of such project, our Directors and the directors of Able E & M noticed that the independent third party contractor might have difficulty in financing the execution of the air-conditioning installation works that it had undertaken. Our Directors confirmed that having considered that (i) any delay in the air-conditioning installation works could affect the progress of the fire services installation works undertaken by our Group and also the whole project progress as the installation works of different aspects would need to be coordinated; (ii) any unnecessary delay to the whole project may result in liquidated damages to Able E & M imposed by the Main Contractor; (iii) any unnecessary delay to the fire services installation works undertaken by our Group may result in liquidated damages imposed by Able E & M and reputation damage to our Group; and (iv) the circumstances arising at the time, our Directors decided to advance an amount of approximately HK$11.2 million to Able E & M which was then advanced to the independent third party contractor. To recover the outstanding amount due from Able E & M, our Group followed its credit management procedures such as holding regular meetings between our executive Directors, project management teams and finance department to review and discuss the aging status of the outstanding amount due as well as sending reminders to remind Able E & M to settle the outstanding amount. Our Directors noted that Able E & M had also sent debit note to the

independent third party contractor for recovery. As at 31 March 2014, the decrease in the balance was by approximately HK$3.0 million as compared to the balance as at 31 March 2013 mainly due to a partial repayment from Able E & M.

An impairment of amount due from Able E & M of approximately HK$5.5 million was made by our Group during the year ended 31 March 2014. Such impairment was made because:

(i) Able E & M has ceased to enter into any new contract for business since December 2011, and it would be deregistered after completion of all existing projects. Further details are set out in the section headed "Relationship with controlling shareholders — Independence from our Controlling Shareholders — Operational independence — Contracting arrangements with Able E & M" in this prospectus;

(ii) a preliminary assessment was carried out by our Directors on (a) the financial position of Able E & M as at 31 March 2014; and (b) the expected cash flows from strong financial background project employers including governmental authorities and property developers to Able E & M and the expected payments to be received by us from Able E & M in relation to the Able E & M Contracts. It was concluded that Able E & M would be able to repay a portion (i.e. HK$2.7 million) of the outstanding amount of HK$8.2 million due to our Group as at 31 March 2014 after making all payments to our Group in respect of the expected revenue related to the Able E & M Contracts; and

(iii) the independent third party contractor who had received the advance from Able E & M had been delaying repayment and had shown no intention to settle the subject advance and has subsequently entered into winding up procedures due to financial difficulties in 2012.

We measured the impairment loss according to our internal accounting policies. Further details are set out the section headed "Notes to financial information — Summary of significant accounting policies — Impairment of financial assets" in Appendix I to this prospectus. As at 31 July 2014, a portion of the amount due from Able E & M of HK$2.7 million and the full amount of contract receivables of approximately HK$3.0 million from Able E & M as at 31 March 2014 were settled. The aforesaid impairment will be reversed in the year ending 31 March 2015 because the shareholders of Able E & M (which include our Controlling Shareholders) have agreed to provide funding of HK$5.5 million by using their financial resources to Able E & M so that it would repay the outstanding amount of HK$5.5 million to our Group before Listing as Able E & M did not have the ability to repay on its own. Having considered that (i) such funding to Able E & M is an event reflecting financial condition of Able E & M after the end of the Track Record Period (i.e. an non-adjusting event); and (ii) the repayment of HK$5.5 million will be made directly by Able E&M to the Group after the Track Record Period, our Directors consider that the reversal of impairment of HK$5.5 million should be recognised in our Group's profit or loss and in the period when the event of reversing impairment occurs. Our Directors confirmed that the reversal of HK$5.5 million impairment for the year ending 31 March 2015, which is only an

accounting treatment for reversing an impairment historically recognised during the Track Record Period, does not represent an income generated from the normal course of business of our Group.

Our Directors are of the view that Able E & M is able to execute the Able E & M Contracts. Further details of assessments on the future payments from Able E & M under the Able E & M Contracts are set out in the section headed "Relationship with controlling shareholders — Independence from our Controlling Shareholders — Operational independence — Contracting arrangements with Able E & M" in this prospectus.

Accounts payable

Accounts payable principally comprises payables to (i) the suppliers of materials; and (ii) the internally approved subcontractors of our Group. The following table sets out the breakdown of accounts payable as at each reporting date:

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Trade payable			
— Suppliers	19,918	29,800	14,191
— Subcontractors	16,506	396	6,504
	36,424	30,196	20,695
Retentions payable	321	3,151	6,261
	36,745	33,347	26,956

Trade payable to suppliers increased from approximately HK$19.9 million as at 31 March 2012 to approximately HK$29.8 million as at 31 March 2013 mainly due to the increase in procurement of electric cables of approximately HK$17.0 million in the fourth quarter of the year ended 31 March 2013 as compared to the same period in the year ended 31 March 2012. The significant decrease in trade payable to subcontractors was due to the improved control on submitting interim invoices, indicating the value of work done in preceding month, by our subcontractors to us before the 5th day of each month so that we could make payments to our subcontractors in a timely manner.

Trade payable to suppliers decreased from approximately HK$29.8 million as at 31 March 2013 to approximately HK$14.2 million as at 31 March 2014 mainly due to the decrease in procurement of electric cables of approximately HK$17.0 million in the fourth quarter of the year ended 31 March 2014 as compared to the same period in the year ended 31 March 2013. The increase in trade payable to subcontractors was due to the late submission of interim invoices in relation to the works done in the year ended 31 March 2014 by several subcontractors.

Retentions payable represented the money withheld for one-off projects by us when making interim payment to some of our subcontractors. Such requirement is only applicable to some of our subcontractors and it is not included in the major terms of our standard subcontract. The retention money ranges from 1% to 10% of each interim payment paid to some of our subcontractors and up to a maximum limit of 5% of the total subcontract sum. Generally, the first half of the retention money is released upon practical completion confirmed by our customers and the second half of the retention money is released upon expiry of our defect liability period. The retentions payable amounted to approximately HK$0.3 million, HK$3.2 million, and HK$6.3 million as at 31 March 2012, 2013 and 2014 respectively, which increased as a result of the increase in amount of works subcontracted to our subcontractors due to our revenue growth during the Track Record Period.

The following table sets out the turnover days of trade payable (calculated as the average of beginning and ending trade payable balances to suppliers and subcontractors for the year, divided by actual contract costs for the year which excluded staff costs, multiplied by the number of days in the year, i.e. 365 days) for the year indicated:

	For the year ended 31 March		
	2012	**2013**	**2014**
Trade payable turnover days	48.5 days	32.6 days	20.7 days

Our trade payable turnover days decreased over the Track Record Period due to timely submission of payment application by our subcontractors. We normally pay our subcontractors on a monthly basis by reference to the value of the works done by our subcontractors. Subcontractors are required to submit interim invoices to our Group before the 5th day of each month indicating the value of work done in preceding month. We normally make payments to our subcontractors on the 30th day of the each month or within seven days after receiving payments from our customers. Due to the improved control on the submission time of interim invoices, our subcontractors submitted their invoices in a timely manner during the Track Record Period and, therefore, the trade payable turnover days decreased. The credit periods offered by our materials suppliers ranging from 30 to 90 days.

The following table illustrates the aging analysis of the accounts payable based on invoice date as at the end of each of the reporting dates:

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Current to three months	32,492	33,283	26,892
Over six months	4,253	64	64
	36,745	33,347	26,956

The majority of accounts payable as at 31 March 2012, 31 March 2014 and 31 March 2014 were current or aged less than three months. The full amount of accounts payable as at 31 March 2014 were subsequently settled up to 31 July 2014.

Accruals of costs for contract works

Accruals of costs for contract works represent estimated contract costs incurred by reference to the budgeted gross profit margins and completion stage of projects. During the Track Record Period, the amounts decreased from approximately HK$24.7 million as at 31 March 2012 to approximately HK$14.5 million as at 31 March 2013 and then increased to approximately HK$48.7 million as at 31 March 2014, due to differences in timing of billing and incurrence of contract costs.

Other payables and accruals

As at 31 March 2013, other payables represented the remaining balance of approximately HK$20.0 million payable to YWH Limited in relation to the purchase of a workshop unit used as our office at a consideration of approximately HK$52.2 million in year ended 31 March 2013. Other accruals mainly represented (i) accruals for staff salaries and allowances; (ii) auditors' remuneration; and (iii) accrued annual leave. Other accruals steadily increased over the Track Record Period as a result of the increase in number of our staff and salary increment.

The following table sets out a breakdown of our other payables and accruals as at each reporting date:

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Other accruals	2,110	2,894	3,492
Amount due to a related party — YWH Limited	—	20,000	—
	2,110	22,894	3,492

Interest-bearing bank loans

Our interest-bearing bank loans represent secured bank borrowings amounted to approximately HK$24.6 million and approximately HK$57.8 million as at 31 March 2013 and 2014 respectively. Our Group had no bank loan as at 31 March 2012. As our Group purchased a workshop unit at a consideration of approximately HK$52.2 million during the year ended 31 March 2013 which was partially supported by bank borrowings, there was an increase in balance of interest-bearing bank loans as at 31 March 2013. Due to the increase in number and scale of Building Services engineering projects undertaken by us over the Track Record Period, we obtained new interest-bearing bank loans to partly finance our Building Services engineering projects during the year ended 31 March 2014. As at 31 March 2014, our interest-bearing bank loans were secured by (i) unlimited guarantee

provided by Mr. Fung, our executive Director; (ii) legal charge over a building of our Group with an aggregate carrying amount of approximately HK$50.4 million; and (iii) pledged deposit of a life insurance product with a carrying amount of approximately HK$6.0 million. The unlimited guarantee provided by Mr. Fung will be released or replaced by guarantees provided by our Company upon Listing. For the years ended 31 March 2013 and 2014, the effective contractual interest rates ranged from 2.1%–5.0% and 2.1%–5.0% respectively, for our interest-bearing bank loans and overdrafts.

The following table sets forth the maturity profile of our interest-bearing bank loans (based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause) as at each reporting date:

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Analysed into:			
Within one year	—	3,087	22,875
In the second year	—	3,032	11,774
In the third to fifth years, inclusive	—	8,880	17,080
After five years	—	12,028	9,232
	—	27,027	60,961

Further information is set out in the section headed "Notes to financial information — Interest-bearing bank loans" in Appendix I to this prospectus.

NET CURRENT ASSETS

The following table sets forth the breakdown of our Group's current assets and liabilities as at 31 March 2012, 2013 and 2014 and 31 July 2014:

	As at 31 March			As at 31 July
	2012	2013	2014	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Gross amount due from customers for contract works	34,959	55,581	57,588	64,332
Accounts receivable	33,041	46,565	55,412	65,278
Prepayment, deposits and other receivables	21,488	15,770	3,105	2,416
Cash and cash equivalents	28,809	22,920	96,491	88,876
	118,297	140,836	212,596	220,902
Current liabilities				
Accounts payable	36,745	33,347	26,956	41,132
Accruals of costs for contract works	24,710	14,455	48,707	39,484
Tax payable	5,336	8,871	7,377	8,199
Other payables and accruals	2,110	22,894	3,492	3,293
Interest-bearing bank loans	—	24,600	57,833	49,822
	68,901	104,167	144,365	141,930
Net current assets	49,396	36,669	68,231	78,972

As at 31 July 2014, we had net current assets of approximately HK$78.9 million. The key components of our current assets as at 31 July 2014 included gross amount due from customers for contract works of approximately HK$64.3 million, accounts receivable of approximately HK$65.3 million, and cash and cash equivalents of approximately HK$88.9 million. The key components of our current liabilities included accounts payable of approximately HK$41.1 million, accruals of costs for contract works of approximately HK$39.5 million and interest-bearing bank loans of approximately HK$49.8 million.

Our net current assets increased by approximately 86.1% from approximately HK$36.7 million as at 31 March 2013 to approximately HK$68.2 million as at 31 March 2014. The increase was mainly due to (i) an increase in cash and cash equivalents of approximately HK$73.6 million as a result of the increase in net cash generated from financing and operating activities; and (ii) a decrease in other payables and accruals of approximately HK$19.4 million which was mainly due to the payment of the remaining

balance of approximately HK$20.0 million relating to the purchase of a workshop unit used as our office in the second half of the year ended 31 March 2013. Such effect were partially offset by (i) an increase in accruals of costs for contract works of approximately HK$34.3 million; and (ii) an increase in interest-bearing bank loans of approximately HK$33.2 million.

Our net current assets decreased by approximately 25.8% from HK$49.4 million as at 31 March 2012 to HK$36.7 million as at 31 March 2013. The decrease was mainly due to (i) an increase in other payables and accruals of approximately HK$20.8 million which was mainly due to the remaining balance of approximately HK$20.0 million relating to the purchase of a workshop unit in the year ended 31 March 2013; and (ii) an increase in interest-bearing bank loans of approximately HK$24.6 million. Such effect were partially offset by (i) an increase in gross amount due from customers for contract works of approximately HK$20.6 million; and (ii) an increase in accounts receivable of approximately HK$13.5 million mainly resulted from the growth of our revenue of approximately 25.0% for the year ended 31 March 2013.

INDEBTEDNESS AND CONTINGENT LIABILITIES

At the close of business on 31 July 2014, being the latest practicable date on which such information was available to us, our Group had outstanding bank loans of approximately HK$49.8 million. The bank loans were secured by (i) unlimited guarantee provided by Mr. Fung, our executive Director; (ii) legal charge over a building of our Group with carrying amount of approximately HK$49.9 million; and (iii) pledged deposit of life insurance product with a carrying amount of approximately HK$6.0 million. The effective contractual interest rates ranged from 2.1%–2.7% for the four months ended 31 July 2014.

As at 31 July 2014, our Group had a totally un-utilised short-term bank facility of approximately HK$19.4 million secured by (i) unlimited guarantee provided by Mr. Fung, our executive Director; (ii) legal charge over a building of our Group with carrying amount of approximately HK$49.9 million; and (iii) pledged deposit of life insurance product with a carrying amount of approximately HK$6.0 million.

The unlimited guarantee provided by Mr. Fung will be released and replaced by unlimited guarantees provided by our Company upon Listing. As at 31 March 2014 and 31 July 2014, our Group had no significant contingent liabilities.

Save as disclosed above, we did not have, at the closure of business on 31 July 2014, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirmed that (i) there has not been any material change in our indebtedness and contingent liabilities since 31 July 2014 and up to the Latest Practicable Date; (ii) the bank loans and bank facilities are subject to the standard banking conditions and covenants; (iii) our Group has complied with all of the covenants under our bank borrowings during the Track Record Period; (iv) our Group has not received any notice

from the bank indicating that it might withdraw or downsize the bank loans and bank facility; and (v) our Group does not have any material external debt financing plans as at the Latest Practicable Date.

WORKING CAPITAL

Our Directors confirm that, taking into consideration the financial resources presently available to us, including bank borrowings and other internal resources, and the estimated net proceeds of the Share Offer, we have sufficient working capital for our present requirements for at least the next 12 months commencing on the date of this prospectus.

CAPITAL EXPENDITURE AND COMMITMENTS

Our capital expenditure primarily comprise purchase of property, plant and equipment, such as a workshop unit, parking spaces and motor vehicles. Our capital expenditure was funded by internal resources and bank borrowings during the Track Record Period. The following table sets forth our Group's capital expenditure during the Track Record Period:

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	1,110	55,402	11,055

The significant increase in capital expenditure from approximately HK$1.1 million for the year ended 31 March 2012 to approximately HK$55.4 million for the year ended 31 March 2013 was mainly attributable the purchase of (i) a workshop unit used as our office at a consideration of approximately HK$52.2 million; and (ii) a parking space at the cost of approximately HK$2.0 million in the year ended 31 March 2013.

Our Group has entered into a provisional agreement for sale and purchase on 13 August 2014 to acquire a unit with gross area of approximately 970 sq.ft. located at Unit H5, 11/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong. The unit is in the same building of our existing workshop unit in Hong Kong. Our Directors confirmed that the purchase of the unit will be funded by internal resources and it will be used for our Group's general office use. Pursuant to the provisional agreement for sale and purchase, the purchase price of the premises shall be HK$4.13 million and the balance of purchase price of approximately HK$3.72 million shall be paid upon completion on or around 30 September 2014. Our Directors confirmed that the vendor is an Independent Third Party.

CONTRACTUAL COMMITMENTS

Our Group as lessor

At the end of each of the Track Record Period, our Group had total future minimum lease receivable under a non-cancellable operating lease with its tenant falling due as follows:

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	—	—	480
In the second to fifth years, inclusive	—	—	1,440
	—	—	1,920

Operating lease receivable represents rentals receivable by our Group for certain of its property. Lease is negotiated for a term of five years.

Our Group as lessee

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

	As at 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	1,800	—	—
In the second to fifth years, inclusive	750	—	—
	2,550	—	—

Operating lease payments represent rental payable by our Group for its office. The lease is negotiated for a term of two years.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

Our Group actively and regularly reviews and manages our capital structure in order to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. Our Group monitors our capital structure on the basis of the gearing ratio.

Financial risk management

Our Group is exposed to interest rate risk, credit risk and liquidity risk in the normal course of business. Further details on our financial risk management policies and practices are set out in the section headed "Notes to financial information — Financial risk management objectives and policies" in Appendix I to this prospectus.

DIVIDEND POLICY

For the year ended 31 March 2012, our Group's subsidiary declared and approved dividends of approximately HK$41.4 million, representing approximately 166.1% of our Group's profit and total comprehensive income attributable to owners of the parent for the year ended 31 March 2012. No dividend were declared by our Group for the years ended 31 March 2013 and 2014. In September 2014, our Group's subsidiary declared and approved interim dividends of HK$36.0 million for the year ending 31 March 2015. Such dividends are expected to be paid to the then shareholder in December 2014 and settled by our Group's internal resources. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment.

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

DISTRIBUTABLE RESERVES

Our Company was incorporated on 21 May 2014 and there was no distributable reserves as at 31 March 2012, 2013 and 2014, respectively.

PROPERTY INTERESTS AND PROPERTY VALUATION

International Valuation Limited, an independent property valuer, has valued our property interests as at 30 June 2014 and is of the opinion that the value of our property interests as at such date was an aggregate amount of approximately HK$68.5 million. The full text of the letter, summary of valuation and valuation certificate with regard to such property interests are set out in Appendix III to this prospectus.

The table below shows the reconciliation of aggregate amounts of certain properties as reflected in the Accountants' Report as at 31 March 2014 with the valuation of these properties as at 30 June 2014 as set out in Appendix III to this prospectus:

	HK$ (million)	*HK$ (million)*
Valuation of our property interests as at 30 June 2014 as set out in Appendix III to this prospectus		68.5
Carrying value of our property interests as at 31 March 2014 as set out in the Accountants' Report	63.1	
Less: Depreciation during the period from 1 April 2014 to 30 June 2014	0.5	
Carrying value of our property interests as at 30 June 2014		62.6
Revaluation surplus *(Note)*		5.9

Note: Such revaluation surplus will not be recorded in the Combined Financial Information as our property interests are stated at cost less accumulated depreciation and any impairment losses.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of our Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the combined net tangible assets of our Group attributable to owners of our Company as if the Share Offer had taken place on 31 March 2014. This unaudited pro forma adjusted combined net tangible assets of our Group has been prepared for illustrative

purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group had the Share Offer been completed as at 31 March 2014 or any future dates:

	Combined net tangible assets attributable to owners of our Company as at 31 March 2014 *HK$'000 (Note 1)*	**Estimated net proceeds from the Share Offer** *HK$'000 (Note 2)*	**Unaudited pro forma adjusted combined net tangible assets** *HK$'000*	**Unaudited pro forma adjusted combined net tangible assets per Share** *HK$ (Notes 3 and 4)*
Based on an Offer Price of HK$0.70 per Share	139,505	53,933	193,438	0.484
Based on an Offer Price of HK$1.10 per Share	139,505	93,383	232,888	0.582

Notes:

1. The combined net tangible assets attributable to owners of our Company as at 31 March 2014 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK$0.70 and HK$1.10 per Share, after deduction of the underwriting fees and other estimated expenses payable by our Group in connection with the Share Offer.

3. The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 400,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue without taking into account of any Shares which may be issued upon exercise of the Offer Size Adjustment Option or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.

4. The unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company does not take into account an interim dividend of HK$36,000,000 declared and approved by Fungs E & M, on 8 September 2014. Such dividend is expected to be paid in December 2014. Had the interim dividend been taken into account, our unaudited pro forma adjusted combined net tangible assets per Shares would be HK$0.394 (assuming an Offer Price of HK$0.70 per Share) and HK$0.492 (assuming an Offer Price of HK$1.10 per Share), respectively.

5. Expect for those mentioned above, no adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 March 2014.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that as at the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group entered into certain related party transactions including the connected transactions with Vantage Group, Able E & M and Lanon Group, details of which are set out in the sections headed "Connected Transactions" in this prospectus and "Notes to financial information — Related party transactions" in Appendix I to this prospectus. Our Directors confirm that these related party transactions were conducted on normal commercial terms and they would not distort our track record results or make our historical results not reflective of our future performance.

NO MATERIAL ADVERSE CHANGE

Save for the professional fees of approximately HK$16.3 million estimated to be incurred in connection with the Listing, which will be recorded in our Combined Financial Information for the year ending 31 March 2015, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2014, being the end of the period reported on in the Accountants' Report and there is no event since 31 March 2014 and up to the date of this prospectus which could materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

OTHER KEY FINANCIAL RATIOS

	As at/For the year ended 31 March		
	2012	**2013**	**2014**
Current ratio [1]	1.72 times	1.35 times	1.47 times
Gearing ratio [2]	N/A	26.1%	41.5%
Debt to equity ratio [3]	N/A	1.8%	N/A
Interest coverage [4]	N/A	595.9 times	101.0 times
Return on total assets [5]	20.3%	20.5%	15.9%
Return on equity [6]	46.5%	43.2%	32.5%
Net profit margin [7]	7.3%	9.6%	7.8%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of each reporting period during the Track Record Period.

2. Gearing ratio is calculated based on the interest-bearing bank loans divided by the total equity as at the end of each reporting period during the Track Record Period and multiplied by 100%.

3. Debt to equity ratio is calculated by the net debt (interest-bearing bank loans net of cash and cash equivalents) divided by the total equity as at the end of each reporting period during the Track Record Period and multiplied by 100%.

4. Interest coverage is calculated by the profit before interest and tax divided by the interest for each reporting period during the Track Record Period.

5. Return on total assets is calculated by the profit for each reporting period during the Track Record Period divided by the total assets as at the end of each reporting period during the Track Record Period and multiplied by 100%.

6. Return on equity is calculated by the profit for each reporting period during the Track Record Period divided by the total equity as at the end of each reporting period during the Track Record Period and multiplied by 100%.

7. Net profit margin is calculated by the profit for each reporting period during the Track Record Period divided by the revenue for each reporting period during the Track Record Period and multiplied by 100%.

Current ratio

Our current ratio decreased from approximately 1.72 times as at 31 March 2012 to approximately 1.35 times and 1.47 times as at 31 March 2013 and 2014 respectively. Such general decrease was primarily attributable to the increase in interest-bearing bank loans to partly finance our acquisition of a workshop unit used as our office and parking spaces during the years ended 31 March 2013 and 2014. Our Group has been maintaining adequate liquidity and working capital to cope with our business expansion as well as operation needs for our Building Services engineering projects, and our Directors are of the view that the current ratio of our Group has been maintained at a healthy level during the Track Record Period. Further details of our borrowings and operating cash flows are set out in the sections headed "Financial information — Analysis of various items from the combined statements of financial position — Interest-bearing bank loans" and "Financial information — Liquidity and capital resources" respectively in this prospectus.

Gearing ratio

Gearing ratio is not applicable as at 31 March 2012 for our Group because we did not have any bank loan as at 31 March 2012. Our gearing ratio was approximately 26.1% and 41.5% as at 31 March 2013 and 2014 respectively. The increase in gearing ratio as at 31 March 2014 as compared to 31 March 2013 was mainly due to the increase in total interest-bearing bank loans from approximately HK$24.6 million as at 31 March 2013 to approximately HK$57.8 million as at 31 March 2014. We borrowed bank loans to partly finance our acquisition of a workshop unit used as our office and Building Services engineering projects for years ended 31 March 2013 and 2014. Further details of our borrowings are set out in the section headed "Financial information — Analysis of various items from the combined statements of financial position — Interest-bearing bank loans" in this prospectus.

Debt to equity ratio

Our debt to equity ratio was approximately 1.8% as at 31 March 2013 but it is not applicable as at 31 March 2012 and 2014 because our Group did not have any bank loan as at 31 March 2012 and the balances of cash and cash equivalents were greater than our total bank borrowings as at 31 March 2014. The increase in our cash and cash equivalents as at 31 March 2014 was mainly due to the increase in net cash generated from our operating activities as a result of our revenue growth. Further details of our operating cash flows are set out in the section headed "Financial information — Liquidity and capital resources" in this prospectus.

Interest coverage

Interest coverage is not applicable as at 31 March 2012 for our Group because we did not have any bank loan and did not incur any interest during the year ended 31 March 2012. Our interest coverage was approximately 595.9 times and 101.0 times for the years ended 31 March 2013 and 2014 respectively. The interest coverage ratio decreased for the year ended 31 March 2014 as compared to the year ended 31 March 2013 mainly due to increase in finance costs as a result of the increase in interest-bearing bank loans. Further details of our financial performance are set out in the section headed "Financial Information — Period-to-period comparison of results of operations" in this prospectus.

Return on total assets

Our return on total assets was approximately 20.3%, 20.5% and 15.9% for the years ended 31 March 2012, 2013 and 2014 respectively. Our return on total assets decreased for the year ended 31 March 2014 mainly attributable to the fact that our total assets increased more than our profit growth in terms of percentage for the year ended 31 March 2014 as compared to the years ended 31 March 2012 and 2013 due to the decrease in the growth of our profit. The increase in our total assets as at 31 March 2014 was mainly due to the increase in cash and cash equivalents of approximately HK$73.6 million as compared to 31 March 2013, as a result of the increase in net cash generated from our financing and operating activities. Further details of our overall financial performance and growth of our profit are set out in the sections headed "Financial Information — Period-to-period comparison of results of operations" and "Financial information — Other key financial ratios — Net profit margin" in this prospectus respectively.

Return on equity

Our return on equity was approximately 46.5%, 43.2% and 32.5% for the years ended 31 March 2012, 2013 and 2014 respectively. While our return on equity remained generally stable for the years ended 31 March 2012 and 2013, our return on equity for the year ended 31 March 2014 decreased mainly because our total equity increased more than our growth of profit in terms of percentage for the year ended 31 March 2014 as a result of the decrease in the growth of our profit. Further details of our overall financial performance and our profit growth are set out in the sections headed "Financial information — Period-to-period comparison of results of operations" and "Financial information — Other key financial ratios — Net profit margin" in this prospectus respectively.

Net profit margin

Our net profit margin was approximately 7.3%, 9.6% and 7.8% for the years ended 31 March 2012, 2013 and 2014 respectively. Our net profit margin increased from approximately 7.3% for the year ended 31 March 2012 to approximately 9.6% for the year ended 31 March 2013 mainly attributable to (i) the slight increase in gross profit margin from approximately 12.9% for the year ended 31 March 2012 to approximately 14.6% for the year ended 31 March 2013; and (ii) the approximately 9.7% decrease in our administrative expenses resulting from our continuous improvement in cost management. Our net profit margin decreased from approximately 9.6% for the year ended 31 March 2013 to approximately 7.8% for the year ended 31 March 2014 due to (i) the slight decrease in our gross profit margin from approximately 14.6% for the year ended 31 March 2013 to approximately 12.9% for the year ended 31 March 2014; and (ii) the impairment of approximately HK$5.5 million in relation to the amount due from Able E & M. These factors also led to the decrease in our growth of profit from approximately 63.3% for the year ended 31 March 2013 to approximately 11.3% for the year ended 31 March 2014. Further details on our overall financial performance are set out in the section headed "Financial Information — Period-to-period comparison of results of operations" in this prospectus.

CONTROLLING SHAREHOLDERS

Immediately after the completion of the Share Offer and the Capitalisation Issue (assuming the Offer Size Adjustment Option is not exercised and that no Shares have been issued pursuant to the exercise of any option which may granted under the Share Option Scheme), Team Great is expected to hold 75% of the enlarged issued share capital of our Company.

Team Great is an investment holding company incorporated in the BVI on 18 July 2011. As at the Latest Practicable Date, it was owned as to 50% by Mr. Fung, 40% by Globetrade and 10% by Mr. Fung Chuen. As at the Latest Practicable Date, each of Mr. Fung and Vantage (through its wholly-owned subsidiary, Globetrade) was entitled to nominate one person to act as a director of Team Great while Mr. Fung Chuen was not entitled to nominate any person to act as director of Team Great.

Globetrade is an investment holding company incorporated in the BVI on 28 January 2005. As at the Latest Practicable Date, it was a wholly-owned subsidiary of Profit Chain.

Profit Chain is an investment holding company incorporated in the BVI on 10 May 2000. As at the Latest Practicable Date, it was a wholly-owned subsidiary of Vantage.

The shares of Vantage are listed on the Main Board (stock code: 15). As at the Latest Practicable Date, Mr. Ngai was beneficially interested in approximately 61.83% of the shares in the issued share capital of Vantage.

Vantage, through Profit Chain, owned 75% of the issued share capital of Excel Development (Holdings) Limited (stock code: 1372) which shares are listed on the Main Board as at the Latest Practicable Date.

Accordingly, Team Great, Globetrade, Profit Chain, Mr. Fung, Mr. Ngai and Vantage are our Controlling Shareholders for the purposes of the Listing Rules. Our Directors have confirmed that to the best of their knowledge and belief, as at the Latest Practicable Date, apart from the shareholding interests in our Group and save as disclosed in this prospectus, none of our Controlling Shareholders and our Directors had any interests in any business, which competes, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

POTENTIAL COMPETITION WITH OUR CONTROLLING SHAREHOLDERS

Our Group is a contractor specialising in providing Building Services engineering works to the public and private sectors in Hong Kong. Our engineering works cover (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works for the public and private sectors in Hong Kong.

Potential competition with Vantage Group

Vantage Group is principally engaged in property investment and development and a wide range of building construction, building maintenance, civil engineering and other contract works in public and private sectors in Hong Kong. Although both our Group and Vantage Group are engaged in a wide range of public and private sectors engineering works in Hong Kong, different approved contractor categories apply to the Building Services engineering business, building construction, building maintenance and civil engineering businesses in Hong Kong.

Since the Vantage Acquisition, our business and Vantage Group's business have always been separated. According to the Ipsos Report, our business and Main Contractors' (i.e. Vantage Group) business occupied different specialised segments of the construction industry in Hong Kong. Our Directors confirmed that our business and Vantage Group's business did not directly or materially compete and were not likely to directly or materially compete with each other.

Although Vantage Group is qualified to undertake electrical installation works in the private sector under its registered electrical contractor qualification issued by EMSD which may have potential competition with our Group, our Directors are of the view that there exists adequate service distinction and delineation between targeted markets to delineate our Building Services, and there should not be any direct or material competition between Vantage Group and our Group in view of the following factors.

Service distinction between Vantage Group and our Group

Business model

Our Directors consider that the businesses and services of our Group and that of Vantage Group are clearly delineated and do not directly compete with each other because (i) the services of our Group and Vantage Group are complementary to each other; and (ii) the business models of our Group and Vantage Group are different and that our Group and Vantage Group are pursuing different business strategies and customers. While our Group's principal business is to handle Building Services engineering works, the principal businesses of Vantage Group include handling building construction project, building maintenance project and civil engineering project (details of the nature are set out below).

Vantage Group undertakes the aforesaid projects mainly as a Main Contractor and is responsible for overall project management and coordination. A Main Contractor is accountable to the project employer for the execution of the project. Accordingly, Vantage Group mainly focuses on project management, technical submission, devising work programs and coordinating with ultimate employer or their representatives and subcontractors and other administrative matters.

Our Group, as a Building Services contractor, mainly handles work tasks instructed by the Main Contractor and is accountable to the Main Contractor for the execution of work. While Vantage Group, mainly as a Main Contractor, normally subcontracts to its subcontractors (including our Group and contractors of different work tasks) who are able

to handle the work tasks such as provision of experienced engineers and materials, formworks, piling, steel bar fixing, concrete placing, plastering, brick painting and Building Services engineering works.

Due to (i) licensing requirements; (ii) the level of complexity of the work in the projects; and (iii) the necessity of technical expertise and skilled labour, it is a common practice in Hong Kong for Main Contractors to subcontract different work tasks to subcontractors. According to the Ipsos Report, Main Contractors in the Hong Kong Building Services industry require the specialist knowledge and expertise from Building Services contractors to complete building construction and maintenance projects. Unlike our Group, which has the technical expertise and experienced engineers to design Building Services systems, source materials for system installation and directly supervise installation works carried out by technicians, Vantage Group engages contractors like our Group for these kinds of work.

Based on the foregoing, our Directors are of view that the business model of our Group and that of Vantage Group are fundamentally different and not of any direct competing nature.

Nature of projects

Our Group mainly focuses on Building Services engineering projects related to electrical installation works, air-conditioning installation works and fire services installation works which form portion of building construction projects and building maintenance projects. Therefore, our Group's project nature is less extended and much more focused than that of Vantage Group. Details of the nature of Vantage Group's projects are set out below:

(i) building construction projects mainly involve engineering construction of substructure and superstructure of building structural frames and external building envelopes constructed either by reinforced concrete facades, curtain walling, metal cladding and/or marble facades with external architectural features, fins and sun breakers and the design of the theme of the buildings. During the execution of a building construction project, the foundation works, interior decoration works and accommodation facilities such as provisions of Building Services engineering works, plumbing and drainage discharge systems, external landscaping hard and soft works and underground utilities services etc. are outsourced to Vantage Group's subcontractors;

(ii) building maintenance projects consist of alterations, additions, maintenance and repair of buildings. During the execution of a building maintenance project, the interior decoration works and accommodation facilities such as provisions of Building Services engineering works, plumbing and drainage discharge systems, external landscaping hard and soft works and underground utilities services etc. are outsourced to Vantage Group's subcontractors; and

(iii) civil engineering construction projects consist of (a) waterworks, (b) roads and drainage; (c) landslip preventive and remedial works to slopes and retaining walls; and (d) utilities civil engineering works. During the execution of a civil engineering project, certain works including electrical and mechanical installation works etc. are outsourced to Vantage Group's subcontractors.

Distinction in licences and qualifications

Vantage Group is able to act as the Main Contractor for building construction projects, building maintenance projects and civil engineering projects and some of which may consist of Building Services engineering works such as electrical, air-conditioning and fire services installation works. Our Directors believe that Vantage Group did not and may not intend in the near future, to undertake or tender for pure Building Services engineering projects due to the following reasons:

(i) to be eligible to carry out or tender for public works under specialised works categories of electrical, fire services and air-conditioning installation works, the contractors are required to obtain the qualifications and licenses under the List of Approved Suppliers of Materials and Specialist Contractors for Public Works. At the moment, Vantage Group does not possess such licences and our Directors believe that it is not the intention of Vantage Group to apply for such licenses. Therefore, Vantage Group is not eligible and capable of carrying out any specialised works in the designated categories of electrical, fire services and air-conditioning installation in the public sector. On the other hand, our Group, as specialist contractors in the categories of electrical, fire services and air-conditioning installations, is capable and eligible of carrying out and tender for the relevant specialised works in the public sector;

(ii) as Vantage Group does not possess the requisite license or qualification, such as being a registered specialist contractor in ventilation issued by the Building Authority and a registered fire service installation contractor granted by the Fire Services Department, Vantage Group is not eligible and capable of carrying out any air conditioning and fire services installation works in both public and private sectors;

(iii) although Vantage Group possesses the registered electrical contractor qualification issued by EMSD and therefore is eligible to carry out electrical installation works in the private sector, according to the Ipsos Report, market players possessing this EMSD qualification is quite general and prevailing in the construction industry in Hong Kong and there are over 6,000 contractors possessing the same EMSD qualification in Hong Kong. Our Directors do not foresee that the business model of Vantage Group will be changed from a Main Contractor to an electrical installation works contractor because of their possession of this EMSD qualification, as doing so does not commercially match with Vantage Group's on-going business strategy. Moreover, our Directors

believe that Vantage Group, mainly as a Main Contractor, does not have the relevant technical expertise and experienced engineers to design and handle electrical installation works without outsourcing arrangements;

(iv) our Directors confirmed that Vantage has a few registered electrical workers, however, such number of electrical workers is not believed to be sufficient to provide the services as provided by our Group which is set out in the section headed "Business — Competitive strengths — Multi-design capability and diversified technical knowledge";

(v) our Directors believe that the reason for Vantage Group to obtain the registered electrical contractor qualification issued by EMSD is only for carrying out basic electrical works incidental to general site facilitation, such as connecting power supply to building construction, building maintenance and civil engineering work sites, in order that contract works including Building Services engineering works can be carried out by subcontractors; and

(vi) further, although Vantage Group is eligible to undertake electrical installation works for pure Building Services engineering projects in the private sector, in practice, it is highly unlikely that Vantage Group will be awarded any substantive electrical installation works in the private sector due to the lack of track record of undertaking such works in the Building Services industry in Hong Kong. According to the Ipsos Report, track record of delivering quality engineering works is one of the factors of competition. As a result, contractors with strong track records will instill greater confidence in customers in its ability to complete quality work in a timely manner and hence, the more likely they will be awarded with projects.

Delineation between targeted markets

No overlapping of customers

As the services provided by Vantage Group are different from our Building Services, the targeted market of Vantage Group is different from ours. We normally approach Main Contractors as our prospective customers by showing our interest for being one of their approved contractors by introducing our background, industry experience and financial position. Unlike our Group, the major customers of Vantage Group are project employers including governmental authorities and property developers. As a result, there is no overlapping of targeted customers between our Group and Vantage Group.

Our Group generally does not act as Main Contractor

Our Group generally does not act as Main Contractor other than for some minor pure electrical installation projects contracted with EMSD who is the project employer. During the Track Record Period, we only undertook three projects as Main Contractor, all of which are pure electrical installation projects contracted with EMSD and our revenue attributable to such projects amounted to approximately HK$12.6 million, HK$2.6 million

and HK$6.3 million for the years ended 31 March 2012, 2013 and 2014 respectively, represented only approximately 3.7%, 0.6% and 1.1% of our total revenue during the periods respectively.

Our Directors believe that these are exceptional cases as these small-scale pure electrical installation projects do not justify the cost of project employer to separately engage a Main Contractor to oversee the works of Building Services contractors. Our Directors believe that it is for this reason our Group has been escalated to become the Main Contractor of these projects.

Vantage Group's subcontracting arrangement only constitutes competition between our Group and other Building Services engineering contractors

Due to the lack of the requisite licenses, qualifications and technical expertise, the Building Services engineering works which form portion of building construction projects, building maintenance projects and civil engineering projects undertaken by Vantage Group are required to be subcontracted to subcontractors who possess the requisite specialised licenses, qualifications and technical expertise outside Vantage Group. Even if we are not being subcontracted to undertake such Building Services engineering works or we decide not to undertake such Building Services engineering works, such Building Services engineering works will not be directly handled by Vantage Group in either circumstance mentioned above but will be subcontracted to other Building Services engineering contractors. In this regard, the nature of business relationship between our Group and Vantage Group is complimentary rather than in competition. Our Directors consider that the businesses of other Building Services engineering contractors engaged by Vantage Group to handle Building Services engineering works are in normal competition with our Group, which is the same as the competition between our Group and other Building Services engineering contractors in the Building Services industry in Hong Kong.

Information on Vantage Group's business which may have potential competition with our Group

Vantage Group is principally engaged in property investment and development and a wide range of building construction, building maintenance, civil engineering and other contract works in public and private sectors in Hong Kong. According to the annual report of Vantage for the year ended 31 March 2014, the financial information of Vantage Group is set out below:

	For the year ended 31 March	
	2013	**2014**
	HK$'000	*HK$'000*
Revenue	3,476,653	3,379,552
Profit for the year	319,173	117,198

	As at 31 March	
	2013	2014
	HK$'000	*HK$'000*
Total assets	3,008,247	3,499,561
Net assets	1,515,006	1,993,171

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

After considering the following factors, our Board is of the view that, after the Listing, our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective close associates.

Operational independence

Our Group has established its own business independent of that of our Controlling Shareholders and/or their respective close associates. We make business decisions independently and hold all relevant licences necessary to carry on our business and have sufficient capital, equipment and employees to operate our business independently. Our Group has established its own organisational structure made up of individual departments, each with specific areas of responsibilities.

For the years ended 31 March 2012 and 2013, our Group rented from YWH Limited, a company controlled by Mr. Fung, the premises located at Unit B, 10/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong as our registered office. The rental expense paid to YWH Limited amounted to approximately HK$2.8 million and HK$1.5 million for the years ended 31 March 2012 and 2013, respectively. The premises were sold to us on 23 January 2013 at a price of HK$50 million. Our Group has not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and/or their respective close associates during the Track Record Period. Our Group has established a set of internal controls to facilitate the effective operation of its business.

Upon Listing, there are expected continuing connected transactions between our Group and (i) Able E & M; (ii) Vantage Group; and (iii) Lanon Group. These transactions will be carried out (i) on normal commercial terms; or (ii) on terms no more favourable to the connected persons than those available to Independent Third Parties. Details of such continuing connected transactions are set out below and in the section headed "Connected Transactions" in this prospectus.

In addition, as confirmed by our Directors as a common industry practice, Main Contractors use Restricted Tender to source for contractors at our Group's tier. Our Directors believe that the success of our Group in Restricted Tender has demonstrated its ability in project management and implementation (such as relevant technical skills and experience that cover (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works) which secures its business in a competitive environment without reliance on our Controlling Shareholders. This is because our Group needs to go through competitive tendering process and to compete with other approved

contractors of our Controlling Shareholders to obtain new projects and each of our Group's successful tender depends on several factors including tender price and relevant technical skills and experience expected by our Controlling Shareholders. Our Directors believe that our Group's every successful tender for Controlling Shareholders project was mainly due to its (i) multi-design capability and diversified technical knowledge; and (ii) competitive quotation but not merely because of its relationship with our Controlling Shareholders. Due to the competitive environment in the industry, the chance of successful tender was not guaranteed for the projects of Controlling Shareholders. This was reflected in our Group's historical success rates in tendering projects from companies controlled by our Controlling Shareholders and their associates, which were approximately 70.0%, 76.9% and nil for the years ended 31 March 2012, 2013 and 2014 respectively.

Contracting arrangements with Able E & M

Each of Vantage Group and Mr. Fung is beneficially interested in 50% of the shareholdings in Able E & M which directors are Mr. Fung and Mr. Ngai. The principal business of Able E & M includes contracting for Building Services engineering works. Prior to and during the Track Record Period, Able E & M tendered projects from contractors including Able Engineering Company Limited, a wholly-owned subsidiary of Vantage, and contracted those projects to us. As at the Latest Practicable Date, there were six existing contracts entered into between our Group and Able E & M (the "**Able E & M Contracts**") which are expected to continue after Listing and the total estimated contract sum and work orders value under the Able E & M Contracts amounted to approximately HK$315.4 million.

The revenue generated from the transactions with Able E & M amounted to approximately HK$61.6 million, HK$85.9 million and HK$36.3 million for the years ended 31 March 2012, 2013 and 2014 respectively, which represented approximately 18.2%, 20.3% and 6.2% of the total revenue of our Group during the same period, respectively. Our Directors estimate that the amount of contracting fees payable to Fungs E & M from Able E & M shall not exceed the proposed annual caps of HK$47.0 million and HK$18.0 million for the years ending 31 March 2015 and 2016 respectively. No contracting fee is expected to be payable to Fungs E & M by Able E & M for the year ending 31 March 2017 and therefore no cap is proposed for the same period. We believe that our Group is not reliant on the revenue generated from Able E & M given that:

(a) Able E & M was established at a time before Vantage Group acquired any shareholding interest in our Group on 2 December 2011 ("**Vantage Acquisition**") during which Able E & M was used as a vehicle for Vantage Group and Mr. Fung to jointly undertake certain Building Services engineering contracts.

(b) Upon the acquisition of a 40% interest in our Group by Vantage Group, Vantage Group and Mr. Fung have gradually used our Group instead of Able E & M to undertake Building Services engineering contracts and Vantage and Mr. Fung have confirmed that Able E & M has ceased to enter into any new contract for business since December 2011.

(c) Our Directors confirmed that after the Vantage Acquisition, the cooperation between Vantage Group and Mr. Fung can be achieved by establishing a direct subcontracting contractual relationship for Building Services projects between Vantage Group and our Group without needing Able E & M to act as an intermediary.

(d) Vantage and Mr. Fung has undertaken to procure (i) Able E & M to cease all its operations and not to enter into any new contracts; and (ii) the deregistration of Able E & M after completion of all existing projects.

Our Directors are of the view that our business with Able E & M is in its ordinary and usual course of business and that the continuation is due to (i) our established contractual relationship under the Able E & M Contracts which were entered into before or at the time around the Vantage Acquisition and we are contractually obliged to complete the engineering works as specified in the relevant Able E & M Contracts; and (ii) most of the Able E & M Contracts have offered considerable profits to our Group in the past. Save for the Able E & M Contracts, we have not entered into any other contract with Able E & M which will be subsisting after the Listing.

An impairment of amount due from Able E & M of approximately HK$5.5 million was made by our Group during the year ended 31 March 2014. For specific events and factors leading to the impairment, please refer to the section headed "Financial Information - Prepayments, deposits and other receivables" of this prospectus. To ensure that Able E & M would be able to fulfil its future repayment obligations to our Group, Able E & M has unconditionally and irrevocably undertaken to us that it will strictly comply with the payment terms set out in the Able E & M Contracts, which provide that Able E & M should settle any future payments payable to us in a timely manner under the Able E & M Contracts when it receives payments from the respective project employers before Able E & M applies for deregistration.

Taking into account existing contracts and overall business relationship with Able E & M, our Directors believe that taking further recovery actions such as litigation and winding-up procedures against Able E & M are not in the best interest of our Group. After the Track Record Period, the shareholders of Able E & M (which include our Controlling Shareholders) have agreed to provide funding of HK$5.5 million by using their financial resources to Able E & M so that it would repay the outstanding amount of HK$5.5 million to our Group before Listing as Able E & M did not have the ability to repay on its own. Furthermore, the shareholders of Able E & M have unconditionally and irrevocably undertaken to us that further financing would be available to Able E & M to facilitate our Group in receiving all outstanding and expected payments due from Able E & M in relation to the Able E & M Contracts when they fall due by using their financial resources.

Having considered (i) the aforesaid undertakings from Able E & M and the shareholders of Able E & M; and (ii) the financing to Able E & M, our Directors are of the view that we should be able to receive future payments in full from Able E & M under the Able E & M Contracts. In addition, taking into account that (i) one of the ultimate shareholders of Able E & M, Vantage, is a company listed on the Main Board with total assets and net assets of approximately HK$3.5 billion and HK$2.0 billion respectively as at

31 March 2014; and (ii) Mr. Fung, being the other ultimate shareholder of Able E & M, holds 50% shareholding in Team Great, which in turn controls the Group, our Directors are therefore of the view, and the Sponsor concur with their view, that the ultimate shareholders of Able E & M are financially strong enough and are likely to be able to provide sufficient financing to fulfil Able E & M's future obligations to our Group in respect of the Able E & M Contracts.

Although Able E & M is one of our Group's five largest customers during the Track Record Period, our Directors are of the view that the cessation of its operation will not have any material impact on our Group's business and financial results because (i) Able E & M was only used as a vehicle for the cooperation between Vantage Group and Mr. Fung before the Vantage Acquisition and such cooperation can now be achieved and replaced by the Vantage Contract Framework Agreement; (ii) as set out under the section "Business - Major customers" of this prospectus, we do not overly rely on its major customers because (a) there is a mutual business dependency and benefit between us and its major customers; (b) we also cooperated with new customers such as Customers E during the Track Record Period; and (c) we have been actively tendering for projects from new customers. In the event that any of the major customers substantially reduces the number of contracts placed with us or terminates its business relationship with us, our Directors consider that we would have extra capacity to handle other potential projects from other customers to replace such lost contracts due to the expected growth of demand for Building Services in Hong Kong and its competitive strengths.

Contracting arrangements with Vantage Group

Prior to and during the Track Record Period, certain subsidiaries of Vantage Group tendered projects for building construction and maintenance or civil engineering construction which comprised Building Services engineering or electrical and mechanical works elements and contracted the Building Services engineering works or electrical and mechanical works under those projects to Fungs E & M pursuant to the terms of contracts entered into between Fungs E & M and the relevant subsidiaries of Vantage.

As at the Latest Practicable Date, there were ten existing contracts entered into between our Group and the relevant subsidiaries of Vantage (the "**Vantage Contracts**") which are expected to continue after Listing and the total estimated contract sum and work orders value under the Vantage Contracts amounted to approximately HK$426.8 million.

The revenue generated from Vantage Group amounted to approximately HK$10.5 million, HK$49.6 million and HK$69.7 million for the years ended 31 March 2012, 2013 and 2014 respectively, which represented approximately 3.1%, 11.7% and 12.0% of the total revenue of our Group during the same period, respectively. Vantage Group companies are not our only customers. Our Directors also estimate that the annual aggregate transaction amount with Vantage Group under the Vantage Contract Framework Agreement for the years ending 31 March 2015, 2016 and 2017 will not exceed the proposed annual caps of HK$177.0 million, HK$200.0 million and HK$107.0 million respectively.

Contracting arrangements with Lanon Group

Lanon Development Limited ("**Lanon Development**") is a company incorporated in Hong Kong and is primarily engaged in building construction and maintenance works. Lanon Building Limited ("**Lanon Building**") is a company incorporated in Hong Kong and is primarily engaged in building construction and maintenance works.

To the best knowledge of our Directors and as confirmed by Mr. Ngai, Mr. Ngai's son, Mr. Ngai Wing Yin, aged 28, is beneficially interested in 78% of the issued share capital of Lanon Holdings Limited ("**Lanon Holdings**"), the wholly-owned subsidiaries of which include Lanon Development and Lanon Building. Also to the best knowledge of our Directors, the remaining 22% of the issued share capital of Lanon Holdings is beneficially interested by an Independent Third Party. Accordingly, Lanon Group will not become close associates of our Controlling Shareholders upon Listing. None of our Controlling Shareholders, Directors and senior management members and their respective close associates (excluding Mr. Ngai's wife who was a director of Lanon Development from 2 July 2010 to 16 June 2014) is involved in the day-to-day management and operation of Lanon Group or is in any position to exercise control or influence over the operational decisions of Lanon Group.

As at the Latest Practicable Date, there were four existing contracts entered into between our Group and the relevant subsidiaries of Lanon Holdings (the "**Lanon Contracts**") which are expected to continue after Listing and the total estimated contract sum and work orders value under the Lanon Contracts amounted to approximately HK$288.5 million.

The revenue generated from Lanon Group only amounted to approximately nil, HK$0.2 million and HK$56.2 million of our Group for each of the years ended 31 March 2012, 2013 and 2014 respectively, represented approximately nil, 0.1% and 9.7% of the total revenue of our Group during the same period, respectively. Lanon Development and Lanon Building are also not our only customers. Our Directors also estimate that the annual aggregate transaction amount with Lanon Group under the Lanon Contract Framework Agreement for the years ending 31 March 2015, 2016 and 2017 will not exceed the proposed annual caps of HK$82.0 million, HK$92.0 million and HK$87.0 million respectively.

Reliance on Vantage Group and Lanon Group

Our Directors are of the view that our Group does not overly rely on Vantage Group and Lanon Group because (i) there is a mutual business dependency and benefit between us and both Vantage Group and Lanon Group, for instance, our Directors believe that our previous job references in handling other projects also give business advantage to them in engaging us in performing the Building Services engineering works; and (ii) we also cooperated with other customers who are Independent Third Parties during the Track Record Period; and (iii) we have been actively tendering for projects from new customers. In the event that any of them substantially reduces the number of contracts placed with us or terminates its business relationship with us, our Directors consider that we would have the capacity to attract other customers to replace such lost contracts given that we have a

proven track record in the Building Services industry with experienced management and professional project management teams. Our Directors are also of the view that there is no increasing reliance by our Group on its connected customers, having considered that (i) there is no significant increase in the proposed annual cap for the year ending 31 March 2017; and (ii) the estimated proportion of revenue to be generated from connected customers will remain stable for the year ending 31 March 2016 and then decrease in the year ending 31 March 2017.

Other than the transactions with Able E & M, Vantage Group and Lanon Group as mentioned above, there are no other transactions between our Group and Able E & M, Vantage Group, Lanon Group or any other connected person of our Company. Under Rules 14A.37 and 14A.38 of the Listing Rules, these transactions will be subject to annual review by our independent non-executive Directors and our auditors to ensure, among other matters, that these transactions are (i) in the ordinary and usual course of business of our Group; (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to our Group than terms available to or from (as appropriate) Independent Third Parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interest of our Shareholders as a whole. In order to comply with these requirements, our management will continuously monitor the conduct of all continuing connected transactions between our Group and Able E & M, Vantage Group or Lanon Group to ensure that all these transactions will be conducted in the above manner, failing which our Company will need to re-comply with the reporting, announcement and/or independent shareholders' approval requirement under Chapter 14A of the Listing Rules in respect of the relevant transactions.

Management independence

Our Company's management and operational decisions are made by our Board and the senior management. Our Board comprises three executive Directors and three independent non-executive Directors. Mr. Fung, one of our Controlling Shareholders, is also our chairman and executive Director. Save for Mr. Fung, no other Controlling Shareholder holds any directorship in our Group.

Given such composition of our Board, our Group believes that the independent non-executive Directors will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of the Board to protect the interests of our Shareholders.

Each of our Directors is aware of his fiduciary duties as a director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) and his/her associates (if applicable) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Since most of our executive Directors (except Ir Wong Chi Wai who joined us since 1998) have served our Group since the beginning of its business operation and have substantial experience in their respective expertise areas and/or in the industry in which our Company is engaged, our Group believes that they will be able to make business decisions that are in the best interest of our Group.

Having considered the above factors, our Directors are satisfied that they and the senior management members are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders following the completion of the Share Offer.

Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs and our Group's accounting and finance functions are independent of our Controlling Shareholders.

Mr. Fung provided personal guarantee to secure certain banking facilities with carrying amount of approximately HK$14.3 million, HK$40.9 million and HK$78.1 million during the years ended 31 March 2012, 2013 and 2014. Upon completion of the Share Offer, the guarantee provided from Mr. Fung will be fully released and assumed by our Group. During the years ended 31 March 2012 and 2013, YWH Limited a company controlled by Mr. Fung, also provided corporate guarantee to secure certain banking facilities with carrying amount of approximately HK$14.3 million and HK$16.3 million, respectively. The corporate guarantee was fully released during the year ended 31 March 2014. A building owned by a company controlled by Mr. Fung was also pledge to bank for banking facilities with the carrying amount of HK$14.3 million during the year ended 31 March 2012. Such property was sold to our Group on 23 January 2013 at a price of HK$50 million.

During the Track Record Period, there are certain amounts due from and due to the related companies of our Controlling Shareholders, details of which are set out in notes 18, 19, 21, 22 and 30 to the Accountants' Report.

Amounts due from the related companies of our Controlling Shareholders, apart from those arising from the ordinary and usual course of business, amounted to approximately HK$11.6 million, HK$11.2 million and HK$2.7 million (net of impairment) as at 31 March 2012, 2013 and 2014. Such amounts were due from Able E & M and YWH Limited which is a company controlled by Mr. Fung. Such balances were unsecured, interest free and have no fixed terms of repayment, and had been fully repaid as at the Latest Practicable Date.

Amounts due to the related companies of our Controlling Shareholders, apart from those arising from the ordinary and usual course of business, amounted to HK$20 million as at 31 March 2013. Such amount was due to YWH Limited as the remaining balance of the purchase price which was yet to be settled by us when we purchased our present office premises located at Unit B 10/F, Summit Building, 30 Man Yue Street, Hung Hom,

Kowloon, Hong Kong from YWH Limited during the year ended 31 March 2013. Such balance was unsecured, interest free and has no fixed terms of repayment, and had been fully repaid as at 31 March 2014.

Save as aforesaid, our Group does not rely on our Controlling Shareholders and/or their respective close associates by virtue of their provision of financial assistance.

DEED OF NON-COMPETITION

Save as disclosed in this prospectus, each of Mr. Ngai, Mr. Fung and Team Great has confirmed that none of them is engaged in, or interested in any business (other than through our Group and Vantage Group) which, directly or indirectly, competes or may compete with our business. To protect our Group from any potential competition, Mr. Ngai, Mr. Fung and Team Great have entered into the Deed of Non-Competition in favour of our Company (for itself and for the benefits of its subsidiaries) pursuant to which each of Mr. Ngai, Mr. Fung and Team Great has, among other matters, irrevocably and unconditionally undertaken to us on a several basis that at any time during the Relevant Period (as defined below), each of Mr. Ngai, Mr. Fung and Team Great shall, and shall procure that their respective close associates and/or companies controlled by them (other than members of our Group and/or Vantage Group) shall:

(i) not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a director or shareholder (other than being a director or shareholder of members of our Group and/or Vantage Group), partner, agent or otherwise and whether for profit, reward or otherwise) in any business which competes with our existing core business which requires one or more of the licences or qualifications currently held by our Group (excluding registered electrical contractor qualification issued by EMSD) (the "**Restricted Activity**");

(ii) not solicit any existing employee of our Group for employment by it/him or its/his close associates (excluding members of our Group);

(iii) not, without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to its/his knowledge in its/his capacity as our Controlling Shareholder for any purpose of engaging, investing or participating in any Restricted Activity;

(iv) if there is any project or new business opportunity that relates to the Restricted Activity, refer such project or new business opportunity to our Group for consideration;

(v) not invest or participate in any Restricted Activity; and

(vi) procure its/his close associates (excluding members of our Group and/or Vantage Group) not to invest or participate in any project or business opportunity of the Restricted Activity, unless pursuant to the exception set out below.

Each of Mr. Ngai, Mr. Fung and Team Great has unconditionally and irrevocably undertaken to us that in the event that it/he or its/his close associates (other than members of our Group and/or Vantage Group) (the "**Offeror**") is given or offered any business investment or commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Activity (the "**New Opportunities**"), it/he will and will procure its/his close associates (other than members of our Group and/or Vantage Group) to refer the New Opportunities to us as soon as practicable in the following manner:

(i) each of Mr. Ngai, Mr. Fung and Team Great is required to, and shall procure its/his close associates (other than members of our Group and/or Vantage Group) to, refer, or to procure the referral of, the New Opportunities to us, and shall give written notice to us of any New Opportunities containing information available to it/him for us to consider whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Group and our Shareholders as a whole to pursue such New Opportunities (the "**Offer Notice**"); and

(ii) the Offeror will be entitled to pursue the New Opportunities only if (a) the Offeror has received a notice from us declining the New Opportunities; or (b) the Offeror has not received such notice from us within 10 Business Days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above.

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

Where Mr. Ngai, Mr. Fung and Team Great and/or their close associates (other than members of our Group and/or Vantage Group) have acquired any business investment or interest in any entity relating to Restricted Activity pursuant to (ii) above, the relevant Controlling Shareholders and/or their close associates (other than members of our Group and/or Vantage Group) shall provide us with pre-emptive right (the "**Pre-emptive Right**") to acquire any such Restricted Activity under the same circumstances. Where the Independent Board Committee of our Company decides to waive the Pre-emptive Right by way of written notice, the relevant Controlling Shareholders and/or their close associates (other than members of our Group and/or Vantage Group) may offer to sell such business investment or interest in Restricted Activity to other third parties on such terms which are no more favourable than those made available to our Group. In deciding whether to exercise the above options, the Directors will consider various factors including the purchase price and their values and benefits, as well as the benefit that they will bring to our Group.

For the above purpose of the Deed of Non-Competition, the "**Relevant Period**" means the period from the Listing Date until the earlier of:

(i) the date on which Mr. Ngai, Mr. Fung and Team Great and their close associates, individually or taken as a whole, ceases to be our Controlling Shareholders for the purpose of the Listing Rules; and

(ii) the date on which our Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

Nothing in the Deed of Non-competition shall prevent any of Mr. Ngai, Mr. Fung and Team Great and their respective close associates from (i) being interested in Able E & M and Vantage Group; and (ii) holding the licences or qualifications for registered electrical contractor issued by the EMSD.

The Deed of Non-Competition is conditional on (i) the Listing Committee granting listing of, and permission to deal in, all our Shares in issue and to be issued pursuant to or as disclosed in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the Underwriters) and that the Underwriting Agreements not being terminated in accordance with its terms or otherwise.

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

CORPORATE GOVERNANCE MEASURES TO AVOID CONFLICT OF INTEREST

Our Directors recognise the importance of incorporating elements of good corporate governance in management conducive to the protection of the interests of our Shareholders. In particular, the following corporate governance measures in relation to managing potential conflict of interests between our Controlling Shareholders and our Group will be taken:

(i) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by Mr. Ngai, Mr. Fung and Team Great;

(ii) our Company will disclose the decisions with basis on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition and Mr. Ngai, Mr. Fung and

Team Great will make an annual declaration on compliance with their undertaking under the Deed of Non-competition in the annual report of our Company;

(iii) our Independent Board Committee will be responsible for deciding and given the authority to decide in the New Opportunities referred to our Group by Mr. Ngai, Mr. Fung or Team Great (or their close associates other than members of our Group and/or Vantage Group) and the exercise of the Pre-emptive Right under the Deed of Non-competition. In addition, the Independent Board Committee may, at the costs of our Company and from time to time, engage independent financial adviser and other external professional advisers as they may consider necessary to advise them on the issues which relate to the above matters;

(iv) any transaction (if any) between (or proposed to be made between) our Group and connected persons will be required to comply with Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the Listing Rules;

(v) in the event that there is conflict of interest in the operations of our Group and our Controlling Shareholders, any Director, who is considered to be interested in a particular matter or the subject matter, shall disclose his/her interests to our Board. Pursuant to the Articles of Association, should a Director have any material interests in the matter (other than certain matters permitted under note 1 to Appendix 3 to the Listing Rules), he/she shall not vote on the resolutions of the Board approving the same and shall not be counted in the quorum of the relevant Board meeting;

(vi) our Directors will ensure that any material conflict or potential conflict involving our Controlling Shareholders will be reported to our independent non-executive Directors as soon as practicable when such conflict or potential conflict is discovered and a board meeting (excluding Mr. Fung and his associates if Mr. Fung has a material conflict or potential conflict) will be held to review and evaluate the implications and risk exposure of such event and will monitor any material irregular business activities; and

(vii) our Company has appointed Ample Capital Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to directors' duties and internal control measures.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

OVERVIEW OF CONTINUING CONNECTED TRANSACTIONS

During the Track Record Period, we have entered into transactions with connected persons of our Company. Following completion of the Listing, we will continue to have certain transactions which are conducted in our ordinary and usual course of business, and constitute continuing connected transactions pursuant to the Listing Rules. Set out below is a summary of these continuing connected transactions:

Item	Parties involved	Nature of transaction	Duration of agreement		Annual caps for the financial year ending 31 March 2015	2016	2017
					(HK$ million)		
(A)	(1) Fungs E & M, a wholly-owned subsidiary of our Company; and (2) Able E & M, a company beneficially indirectly owned as to 50% by each of Vantage and Mr. Fung (both are our Controlling Shareholders)	Contracting arrangement between Fungs E & M and Able E & M	two years from date of Listing	Existing contracts	47.0	18.0	nil
				New contracts	nil	nil	nil
					47.0	18.0	nil
(B)	(1) Fungs E & M, a wholly-owned subsidiary of our Company; and (2) Vantage, one of our Controlling Shareholders	Contracting arrangement between Fungs E & M and certain subsidiaries of Vantage	three years from date of Listing	Existing contracts	145.0	136.0	42.0
				New contracts	32.0	64.0	65.0
					177.0	200.0	107.0
(C)	(1) Fungs E & M, a wholly-owned subsidiary of our Company; and (2) Lanon Holdings Limited ("Lanon Holdings"), a company beneficially indirectly owned as to 78% by Mr. Ngai Wing Yin, the son of Mr. Ngai, the latter being one of our Controlling Shareholders	Contracting arrangement between Fungs E & M and Lanon Development Limited and Lanon Building Limited	three years from date of Listing	Existing contracts	76.0	81.0	76.0
				New contracts	6.0	11.0	11.0
					82.0	92.0	87.0

CONNECTED PERSONS

As at the Latest Practicable Date:

(a) each of Vantage and Mr. Fung (both are our Controlling Shareholders) is beneficially indirectly interested in 50% of the shareholdings in Able E & M;

(b) Able Engineering Company Limited ("**Able Engineering**"), Able Contractors Limited ("**Able Contractors**"), Able Contracting Limited ("**Able Contracting**") and Excel Engineering Company Limited ("**Excel**") are subsidiaries of Vantage, one of our Controlling Shareholders; and

(c) Lanon Development Limited ("**Lanon Development**") and Lanon Building Limited ("**Lanon Building**") are beneficially held as to 78% by Mr. Ngai Wing Yin through his indirect interest in Lanon Holdings. Mr. Ngai Wing Yin is the son of Mr. Ngai, the latter being a controlling shareholder of Vantage, one of our Controlling Shareholders.

Accordingly, upon completion of the Listing (i) Able E & M will become a connected person of our Company under Rules 14A.07(4) and 14A.12(1)(c) of the Listing Rules; (ii) Vantage together with its subsidiaries, Able Engineering, Able Contractors, Able Contracting and Excel will become connected persons of our Company under Rules 14A.07(1), 14A.07(4) and 14A.13(1) of the Listing Rules; and (iii) Lanon Holdings together with its subsidiaries, Lanon Development and Lanon Building will become connected persons of our Company under Rules 14A.07(4) and 14A.12(2)(b) of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

It is anticipated that, upon completion of the Listing, certain transactions between a member of our Group and each of Able E & M, certain subsidiaries of Vantage and Lanon Development and Lanon Building will continue and therefore will constitute non-exempt continuing connected transactions of our Company ("**Non-exempt Continuing Connected Transactions**") for the purposes of the Listing Rules. Such Non-exempt Continuing Connected Transactions include (i) contracting arrangement with Able E & M; (ii) contracting arrangement with the relevant subsidiaries of Vantage; and (iii) contracting arrangement with the relevant subsidiaries of Lanon Holdings.

(i) Contracting arrangement with Able E & M

(a) Background

During and prior to the Track Record Period, Able E & M tendered projects and contracted Building Services engineering works under those projects to Fungs E & M pursuant to the terms of certain contracts entered into between Fungs E & M and Able E & M. As at the Latest Practicable Date, there were six existing contracts entered into between our Group and Able E & M which are expected to continue after Listing ("**Able E & M Contracts**") and the total estimated contract sum and work orders value under the Able E & M Contracts amounted to approximately HK$315.4 million.

The respective contracting fees for the relevant Building Services engineering works by Fungs E & M under the Able E & M Contracts were arrived at after arm's-length negotiations between Able E & M and our Group and were determined with reference to, among other things, the following factors:

(i) the prevailing market prices of materials and subcontracting services at the time of tendering for the relevant projects based on the competitive quotations from suppliers and subcontractors of our Group;

(ii) the scale, complexity and specifications of the projects, nature and amount of works to be performed, the capacity of our Group, the estimated time required to complete the works and other technical project requirements under the relevant projects;

(iii) the historical fees received from independent third party contractors for similar projects;

(iv) the then estimated gross profit margins of our Group for similar projects with independent third party contractors at the time of entering into each contract; and

(v) the fee level in the market and competitive conditions at the contract negotiation stage.

Our Group considered that the terms of the contracting arrangement with Able E & M are reasonable and represent normal commercial terms (or terms no less favourable to our Group than terms available from independent third parties) after taking into account the following factors:

(i) the terms of contracting arrangement that our Group has had with independent third party contractors in projects comparing to those with Able E & M, including but not limited to the terms of payment and retention money, defect liability period, variation orders, liquidated damages, termination and estimated gross profit margins obtained by our Group in those projects; and

(ii) when setting the quotation of contracting fees under the Able E & M Contracts, our Group also considered the chance of success in tendering the projects to determine the profit margin applicable to the particular project. If the profit margin was set too high, the chance of successful tender might be lowered significantly due to the high tender price.

All works under the Able E & M Contracts are expected to be completed by 30 September 2015. Due to the time required for certifying completion and relevant billing process, part of the relevant contracting fees may only be settled after 16 October 2014, being the intended date for which dealing in the shares of our company on the Stock Exchange commences. It is currently expected that the remaining balance of such contracting fees will be settled on or before 31 March 2016.

(b) Able E & M Contract Agreement

Upon completion of all the service works and the collection of all contracting fees under the Able E & M Contracts, Able E & M will cease all its operations and commence its deregistration process.

In anticipation of the Share Offer, Fungs E & M entered into a contract agreement on 5 September 2014 with Able E & M (the "**Able E & M Contract Agreement**") to govern the overall relationship of the parties in relation to the Able E & M Contracts according to the requirements under Chapter 14A of the Listing Rules. The term of such agreement is for a term of two years from the date of Listing.

(c) Reasons for and benefit of entering into the Able E & M Contract Agreement

Able E & M was established at a time before Vantage Group acquired any shareholding interest in our Group on 2 December 2011 ("**Vantage Acquisition**") during which Able E & M was used as a vehicle for Vantage Group and Mr. Fung to jointly undertake certain Building Services engineering contracts. As Able E & M will cease its operations upon completion of all the on-going Building Services engineering works and the collection of all contracting fees under the Able E & M Contracts, our Directors considered that the entering into of the Able E & M Contract Agreement would govern the existing contracting arrangement between Able E & M and Fungs E & M under the Able E & M Contracts in compliance with the requirements under Chapter 14A of the Listing Rules.

The continuation of our business with Able E & M is also due to (i) our established contractual relationship under the Able E & M Contracts which were entered into before or at the time around the Vantage Acquisition and we are contractually obliged to complete the engineering works as specified in the relevant Able E & M Contracts; and (ii) most of the Able E & M Contracts have offered considerable profits to our Group in the past.

(d) Historical transaction amounts

The historical transaction amounts under the contracting arrangement between Able E & M and Fungs E & M under the Able E & M Contracts were approximately HK$61.6 million, HK$85.9 million and HK$36.3 million for the years ended 31 March 2012, 2013 and 2014 respectively, which represented approximately 18.2%, 20.3% and 6.2% of the total revenue of our Group during the same period, respectively.

(e) Annual caps

Our Directors anticipate that the maximum amount of contracting fees payable to Fungs E & M under the Able E & M Contract Agreement shall not exceed the proposed caps of HK$47.0 million and HK$18.0 million for the years ending 31 March 2015 and 2016 respectively. No contracting fee is expected to be payable to Fungs E & M by Able E & M for the year ending 31 March 2017 and therefore no cap is proposed for the same period.

In arriving at the above proposed annual caps, our Directors have considered (i) the estimated amount of final contracting fees to be paid to Fungs E & M under the Able E & M Contracts for the years ending 31 March 2015 and 2016, taking into account the estimated adjustments to be made to the original contract sums based on the relevant variation orders (in respect of one-off projects) received or work orders (in respect of retainer projects) received by reference to the scope of works for each of the Able E & M Contracts, in each case, subject to the outcome of confirmation of completion by Able E & M; and (ii) the estimated time required by Able E & M for confirming completion and the relevant billing process under the Able E & M Contracts.

(ii) Contracting arrangement with Vantage Group

(a) Background

During and prior to the Track Record Period, certain subsidiaries of Vantage tendered projects for building construction and maintenance or civil engineering construction which comprised Building Services engineering or electrical and mechanical works elements and contracted the Building Services engineering works or electrical and mechanical works under certain of those projects to Fungs E & M pursuant to the terms of contracts entered into between Fungs E & M and the relevant subsidiaries of Vantage. As at the Latest Practicable Date, there were ten existing contracts entered into between Fungs E & M and the relevant subsidiaries of Vantage which are expected to continue after Listing (the "**Vantage Contracts**") and the total estimated contract sum and work orders value under the Vantage Contracts amounted to approximately HK$426.8 million.

(b) Vantage Contract Framework Agreement

In anticipation of the Share Offer, on 22 September 2014, Fungs E & M and the relevant subsidiaries of Vantage including Able Engineering, Able Contractors, Able Contracting and Excel entered into a contract framework agreement (the "**Vantage Contract Framework Agreement**") to govern the overall relationship of the parties in relation to the Vantage Contracts and any future contracts as may be entered into between Fungs E & M and the relevant subsidiaries of Vantage from time to time in relation to the provision of Building Services engineering works by Fungs E & M.

The Vantage Contract Framework Agreement is for a term of three years from the date of Listing and renewable for a further period of three years subject to compliance with applicable requirements of the Listing Rules.

(c) Pricing policy

Under the Vantage Contract Framework Agreement, the contracting fees payable by the relevant member of Vantage Group to Fungs E & M under each contract to be entered into between the relevant member of Vantage Group and Fungs E & M shall be determined on the basis of the following factors:-

(i) the prevailing market prices of materials and subcontracting fees at the time of tendering for the relevant projects based on the competitive quotations from suppliers and subcontractors of our Group;

(ii) the scale, complexity and specifications of the projects, nature and amount of works to be performed, the capacity of our Group, the estimated time required to complete the works and other technical project requirements under the relevant projects;

(iii) the historical fees received from independent third party for similar projects;

(iv) the estimated gross profit margins of our Group for similar projects with independent third party contractors at the time of entering into each contract; and

(v) the fee level in the market and competitive conditions at the contract negotiation stage.

Under the Vantage Contract Framework Agreement, the contracting fees under each of the Vantage Contracts were determined with reference to the factors set out above.

Our Group considered that the terms of the contracting arrangement with Vantage Group are reasonable and represent normal commercial terms or better after taking into account the following factors:

(i) the terms of contracting arrangement that our Group has had with independent third party contractors in projects comparing to those with members of Vantage Group, including but not limited to the terms of payment and retention money, defect liability period, variation orders, liquidated damages, termination and estimated gross profit margins obtained by our Group and in those projects; and

(ii) when setting the quotation of contracting fees, our Group will also consider the chance of success in tendering the projects to determine the profit margin applicable to the particular project. If the profit margin is set too high, the chance of successful tender might be lowered significantly due to the high tender price.

(d) Reasons for and benefit of entering into the Vantage Contract Framework Agreement

Taking into account that our Group has already entered into the Vantage Contracts with the relevant subsidiaries of Vantage in the past, the long term business relationship with Vantage Group, their market share in the construction industry as Main Contractors; and that the contracts entered into between the relevant subsidiaries of Vantage and our Group offer considerable profits to our Group, our Directors consider that the continuing of contracting arrangement with the relevant subsidiaries of Vantage will be able to provide our Group with a stable source of work and income and thus is beneficial to our Group. Entering into of the Vantage Contract Framework Agreement would allow our Group to govern the existing and future contracting arrangements with the relevant subsidiaries of Vantage in compliance with the requirements under Chapter 14A of the Listing Rules.

(e) Historical transaction amounts

For the years ended 31 March 2012, 2013 and 2014, the contracting fees incurred by the relevant subsidiaries of Vantage amounted to approximately HK$10.5 million, HK$49.6 million and HK$69.7 million respectively, which represented approximately 3.1%, 11.7% and 12.0% of our Group's total revenue during the same period, respectively.

(f) Annual caps

Our Directors anticipate that the maximum amount of contracting fees payable to Fungs E & M under the Vantage Contract Framework Agreement shall not exceed the proposed caps of HK$177.0 million, HK$200.0 million and HK$107.0 million for the years ending 31 March 2015, 2016 and 2017 respectively. In arriving at the above proposed annual caps, our Directors have considered:

(i) the estimated amount of final contracting fees to be paid to Fungs E & M under the Vantage Contracts for the years ending 31 March 2015, 2016 and 2017, taking into account (a) the estimated adjustments to be made to the original contract sums based on the relevant variation orders (in respect of one-off projects) received or work orders (in respect of retainer projects) received and/or expected to be received by reference to the scope of works for each of the Vantage Contracts, in each case, subject to the confirmation of completion by the relevant member of Vantage Group; and (b) the estimated time of approximately two weeks required by the relevant member of Vantage Group for confirming completion status and the relevant billing process under the Vantage Contracts; and

(ii) a projection of the contracting fees that our Group is expected to receive from the relevant subsidiaries of Vantage in respect of new contracts to be awarded by the relevant subsidiaries of Vantage by way of Restricted Tender, such projection was determined based on the actual tenders submitted as at the Latest Practicable Date.

The increase of the above proposed caps from the historical transaction amounts set out above is largely due to (i) the fact that two of the Vantage Contracts (Project 15 and Project 35 as referred to in the section headed "Business" of this prospectus) have an expected contract sum totalling HK$131.7 million and HK$109.9 million respectively, and the aggregate amount billed up to the end of the Track Record Period for such two Vantage Contracts was only HK$15.4 million; and (ii) the estimated revenue to be generated from the three new contracts that may be awarded by the respective relevant members of Vantage Group supported by the actual tenders submitted by our Group.

(iii) Contracting arrangement with Lanon Group

(a) Background

During the Track Record Period, certain subsidiaries of Lanon Holdings tendered projects for building construction and maintenance which comprised Building Services engineering or electrical and mechanical works elements and contracted the Building Services engineering works or electrical and mechanical works under certain of those projects to Fungs E & M pursuant to the terms of contracts entered into between Fungs E & M and the relevant subsidiaries of Lanon Holdings. As at the Latest Practicable Date, there were four existing contracts entered into between Fungs E & M and the relevant subsidiaries of Lanon Holdings which are expected to continue after Listing (the "**Lanon Contracts**") and the total estimated contract sum and work orders value under the Lanon Contracts amounted to approximately HK$288.5 million.

(b) Lanon Contract Framework Agreement

In anticipation of the Share Offer, Fungs E & M entered into a contract framework agreement on 22 September 2014 with Lanon Development and Lanon Building (the "**Lanon Contract Framework Agreement**") to govern the overall relationship of the parties in relation to the Lanon Contracts and future contracts as may be entered into between Fungs E & M and the relevant subsidiaries of Lanon Holdings from time to time in relation to the provision of Building Services engineering works by Fungs E & M.

The Lanon Contract Framework Agreement is for a term of three years from the date of Listing and renewable for a further period of three years subject to compliance with applicable requirements of the Listing Rules.

(c) Pricing policy

Under the Lanon Contract Framework Agreement, the contracting fees payable by the relevant member of Lanon Group to Fungs E & M under each contract to be entered into between the relevant member of Lanon Group and Fungs E & M shall be determined on the basis of the following factors:

(i) the prevailing market prices of materials and subcontracting fees at the time of tendering for the relevant projects based on the competitive quotations from suppliers and subcontractors of our Group;

(ii) the scale, complexity and specifications of the projects, nature and amount of works to be performed, the capacity of our Group, the estimated time required to complete the works and other technical project requirements under the relevant projects;

(iii) the historical fees received from independent third party contractors for similar projects;

(iv) the estimated gross profit margins of our Group for similar projects with independent third party contractors at the time of entering into each contract; and

(v) the fee level in the market and competitive conditions at the contract negotiation stage.

Under the Lanon Contract Framework Agreement, the contracting fees under each of the Lanon Contracts were determined with reference to the factors set out above.

Our Group considered that the terms of the contracting arrangement with the relevant members of Lanon Group are reasonable and represent normal commercial terms or better taking into account the factors set out below:

(i) the terms of contracting arrangement that our Group has had with independent third party contractors in projects comparing to those with members of Lanon Group, including but not limited to the terms of payment and retention money, defect liability period, variation orders, liquidated damages, termination and estimated gross profit margins obtained by our Group; and

(ii) when setting the quotation of contracting fees, our Group will also consider the chance of success in tendering the projects to determine the profit margin applicable to the particular project. If the profit margin is set too high, the chance of successful tender might be lowered significantly due to the high tender price.

(d) Reasons for and benefit of entering into the Lanon Contract Framework Agreement

Taking into account that our Group has already entered into the Lanon Contracts with the relevant subsidiaries of Lanon Holdings in the past, the contracts entered into between the relevant subsidiaries of Lanon Holdings and our Group has offered considerable profits to our Group historically, our Directors consider that the continuing of contracting arrangement with the relevant subsidiaries of Lanon Holdings will be able to provide our Group with a stable source of work and income and thus is beneficial to our Group. Entering into of the Lanon Contract Framework Agreement would allow our Group to govern the existing and future contracting arrangements with the relevant subsidiaries of Lanon Holdings in compliance with the requirements under Chapter 14A of the Listing Rules.

(e) Historical transaction amounts

The historical transaction amounts under the contracting arrangement between the relevant subsidiaries of Lanon Holdings and Fungs E & M were nil, approximately HK$0.2 million and HK$56.2 million for the years ended 31 March 2012, 2013 and 2014 respectively, which represented approximately nil, 0.1% and 9.7% of our Group's total revenue during the same period respectively.

(f) Annual caps

Our Directors anticipate that the maximum amount of contracting fee payable to Fungs E & M under the Lanon Contract Framework Agreement for the years ending 31 March 2015, 2016 and 2017 shall not exceed the proposed caps of HK$82.0 million, HK$92.0 million and HK$87.0 million respectively. In arriving at the above proposed annual caps, our Directors have considered:

(i) the estimated amount of final contracting fees to be paid to Fungs E & M under the Lanon Contracts for the years ending 31 March 2015, 2016 and 2017, taking into account (a) the estimated adjustments to be made to the original contract sums based on the relevant variation orders (in respect of one-off projects) received or work orders (in respect of retainer projects) received and/or expected to be received by reference to the scope of works for each of the Lanon Contracts, in each case, subject to the confirmation of completion by the relevant member of Lanon Group; and (b) the estimated time of approximately two weeks required by the relevant member of Lanon Group for confirming completion status and the relevant billing process under the Lanon Contracts; and

(ii) a projection of the contracting fees that our Group is expected to receive from the relevant subsidiaries of Lanon Holdings in respect of new contract to be awarded by the relevant subsidiaries of Lanon Holdings by way of Restricted Tender, such projection was determined based on the actual tender submitted as at the Latest Practicable Date.

The increase of the above proposed caps from the historical transaction amounts set out above is mainly due to (i) the fact that two of the Lanon Contracts (Project 34 and Project 36 as referred to in the section headed "Business" of this prospectus), the contract sum of which totalling HK$128.5 million and HK$98.2 million respectively, only commenced in April 2013 and will end in March 2016 and the aggregate amount billed up to the end of the Track Record Period for such two Lanon Contracts was only HK$24.0 million; and (ii) the estimated revenue to be generated from a new contract that may be awarded by the respective relevant members of Lanon Group supported by the actual tender submitted by our Group.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that (i) the Non-exempt Continuing Connected Transactions have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better and the terms of the Able E & M Contract Agreement, the Vantage Contract Framework Agreement and the Lanon Contract Framework Agreement are fair and reasonable and are in the interests of our Company and the Shareholders as a whole; and (ii) the respective proposed annual caps set for the Non-exempt Continuing Connected Transactions are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

CONFIRMATION FROM THE SPONSOR

The Sponsor has reviewed the relevant information and historical figures prepared and provided by our Company in relation to the Non-exempt Continuing Connected Transactions and have also conducted due diligence by discussing with our Company and have obtained the necessary representations and confirmation from our Company and our Controlling Shareholders. On this basis, the Sponsor is of the view that (i) the Non-exempt Continuing Connected Transactions have been entered into in the ordinary and usual course of business, on normal commercial terms or better, and the terms of each of the Able E & M Contract Agreement, the Vantage Contract Framework Agreement and the Lanon Contract Framework Agreement are fair and reasonable and in the interests of our Company and Shareholders as a whole; and (ii) the respective proposed annual caps (if applicable) set for the Non-exempt Continuing Connected Transactions are fair and reasonable as far as our Shareholders are concerned and in the interests of our Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

The applicable percentage ratios (other than the profits ratio) of the transactions contemplated under each of the Able E & M Contract Agreement, the Vantage Contract Framework Agreement and the Lanon Contract Framework Agreement are, on an annual basis, expected to be 5% or more and the total annual consideration is expected to be HK$10,000,000 or more. As such, the transactions contemplated under the Able E & M Contract Agreement, the Vantage Contract Framework Agreement and the Lanon Contract Framework Agreement will not be exempted from the circular and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules. The transactions

contemplated under the Able E & M Contract Agreement, the Vantage Contract Framework Agreement and the Lanon Contract Framework Agreement are subject to the reporting and announcement requirements set out in Rules 14A.35 to 14A.49, the circular and shareholders' approval requirement set out in Rules 14A.36 to 14A.48, the annual review requirements set out in Rules 14A.55 to 14A.59 and the written agreement requirements set out in Rule 14A.34, Rule 14A.51 and 52 of the Listing Rules.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the Non-exempt Continuing Connected Transactions will continue after the Listing on a recurring basis and have been entered into prior to the Listing Date and have been fully disclosed in this prospectus and potential investors will participate in the Share Offer on the basis of such disclosure, our Directors consider that strict compliance with the announcement requirement and independent shareholders' approval requirements under the Listing Rules would be unduly burdensome and would at times be impracticable. As such, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement, circular and shareholders' approval requirements as set out in Chapter 14A of the Listing Rules for the transactions contemplated under the Able E & M Contract Agreement, the Vantage Contract Framework Agreement and the Lanon Contract Framework Agreement, subject to (i) the annual caps stated above are not exceeded; and (ii) that our Company complies with Chapter 14A of the Listing Rules, in particular, Rule 14A.51 to Rule 14A.59 in relation to the Non-exempt Continuing Connected Transactions.

Internal control procedures

To ensure future transactions conducted under each of the Able E & M Contract Agreement, the Vantage Contract Framework Agreement and the Lanon Contract Framework Agreement are within the framework of the respective agreements, our Company have adopted the following internal control procedures:

(i) in respect of each Restricted Tender invitation from members of Vantage Group or Lanon Group, before the submission of tender documents (including the quotation for contracting fees to be charged by our Group), a separate management personnel of our Company not involved in the preparation of the initial quotation will review the drafts to ensure the contracting fees quotations are based on the pricing policies of our Group and the terms of the Vantage Contract Framework Agreement and the Lanon Contract Framework Agreement, as applicable; and

(ii) regular reports regarding our Group's transactions with relevant members of Vantage Group, Able E & M and relevant members of Lanon Group contemplated by the Vantage Contract Framework Agreement, Able E & M Contract Agreement and the Lanon Contract Framework Agreement and other relevant information will be provided to our independent non-executive Directors who will conduct semi-annual review to ensure (i) terms of the relevant underlying contracts are fair and reasonable and in the interests of the Shareholders as a

whole (including whether the contracting fees are determined based on the pricing policies of our Group mentioned above); and (ii) relevant members of all transactions during the relevant periods with relevant members of Vantage Group, Able E & M and relevant members of Lanon Group are carried out in accordance with the relevant underlying contracts.

Our Directors believe that the above measures will ensure that our Group's transactions with Able E & M, the respective relevant members of Vantage Group and Lanon Group are and will be conducted on normal commercial terms and the terms are not and will not be prejudicial to the interests of our Company and our minority Shareholders.

The independent non-executive Directors and auditors of our Company will review whether the relevant Non-exempt Continuing Connected Transactions have been entered into based on the principal terms and pricing policies as disclosed in this prospectus. The confirmations of the independent non-executive Directors and auditors will be disclosed annually, as required by the Listing Rules.

Able E & M, the respective relevant members of Vantage Group and Lanon Group will undertake to provide our Group's management and auditors sufficient access to its relevant records for the purpose of the auditors' review of the relevant connected transactions.

If any terms of the transactions under the Able E & M Contract Agreement, the Vantage Contract Framework Agreement and the Lanon Contract Framework Agreement are altered or if our Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, our Company will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those existing as at the Latest Practicable Date on transactions of the kind to which the connected transactions referred to in this prospectus belong, including, but not limited to, requirements that these transactions be subject to reporting, announcement and/or independent shareholders' approval, our Company will take appropriate steps to ensure compliance with such requirements within a reasonable time.

In addition, we will comply with all applicable rules as prescribed under Chapter 14A of the Listing Rules unless they are specifically exempted.

Assuming the Offer Size Adjustment Option is not exercised at all, and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, our issued share capital immediately following the Share Offer will be as follows:

Authorised share capital:		*HK$*
1,000,000,000	Shares	10,000,000

Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:

		HK$
1,000,000	Shares in issue at the date of this prospectus	10,000
299,000,000	Shares to be issued pursuant to the Capitalisation Issue	2,990,000
100,000,000	Shares to be issued pursuant to the Share Offer	1,000,000
Total:		
400,000,000	Shares	4,000,000

Assuming the Offer Size Adjustment Option is exercised in full, and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, our issued share capital immediately following the Share Offer will be as follows:

Authorised share capital:		*HK$*
1,000,000,000	Shares	10,000,000

Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:

		HK$
1,000,000	Shares in issue at the date of this prospectus	10,000
299,000,000	Shares to be issued pursuant to the Capitalisation Issue	2,990,000
100,000,000	Shares to be issued pursuant to the Share Offer	1,000,000
15,000,000	Shares to be issued upon exercise of the Offer Size Adjustment Option in full	150,000
Total:		
415,000,000	Shares	4,150,000

RANKING

The Offer Shares will rank *pari passu* in all respects with all the Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of Listing other than participation in the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the resolutions of our sole Shareholder passed on 22 September 2014, conditional on the share premium account of our Company being credited as a result of the issue of Offer Shares under the Share Offer, our Directors are authorised to allot and issue a total of 299,000,000 Shares credited as fully paid at par to the sole Shareholder whose name appears on the register of members of our Company at the close of business on 22 September 2014 (or another date as our Directors may direct) by way of capitalisation of the sum of HK$2,990,000 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to such resolution shall rank *pari passu* in all respects with the existing issued Shares.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in section headed "Structure and Conditions of the Share Offer" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (excluding any Shares which may be issued pursuant to any exercise of the Offer Size Adjustment Option or the options to be granted under the Share Option Scheme) shall not exceed the sum of:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue; and

(b) the aggregate nominal value of the share capital of our Company repurchased pursuant to the authority granted to our Directors referred to in the paragraph headed "General Mandate to Repurchase Shares" below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of the Offer Size Adjustment Option or the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws or the Articles of Association; or

(c) it is varied or revoked by an ordinary resolution of our Shareholders at general meeting, whichever is the earliest.

Further details of this general mandate are set out to the section headed "Further information about our Company — Written resolutions of our sole Shareholder passed on 22 September 2014" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on conditions as stated in section headed "Structure and Conditions of the Share Offer" of this prospectus, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Capitalisation Issue and the Share Offer (excluding Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Further information about our Company — Share repurchase mandate" in Appendix V to this prospectus.

The general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of our Company's next annual general meeting;

(ii) the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at general meeting, whichever is the earliest.

Further details of this general mandate are set out in the section headed "Further information about our Company — Written resolutions of our sole Shareholder passed on 22 September 2014" in Appendix V to this prospectus.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" as set out in Appendix V to this prospectus.

Our Group does not have any outstanding share options, warrants, convertible instruments, pre-IPO share options or similar rights convertible into the Shares as at the Latest Practicable Date.

As at the date of this prospectus, details of the respective shareholding of our substantial Shareholders in our Company are as follows:

Name of substantial shareholder	Nature of interest	Number of Share(s) held	Approximate percentage of issued Shares
Team Great	Beneficial owner	1,000,000	100%
Mr. Fung *(Note 1)*	Interest in a controlled corporation	1,000,000	100%
Globetrade Limited *(Note 1)*	Interest in a controlled corporation	1,000,000	100%
Profit Chain *(Note 2)*	Interest in a controlled corporation	1,000,000	100%
Vantage *(Notes 3, 4 and 5)*	Interest in a controlled corporation	1,000,000	100%
Winhale Ltd. *(Note 3)*	Interest in a controlled corporation	1,000,000	100%
Braveway Limited *(Note 4)*	Interest in a controlled corporation	1,000,000	100%
HSBC International Trustee Limited *(Note 4)*	Interest in a controlled corporation	1,000,000	100%
Mr. Ngai *(Note 5)*	Interest in a controlled corporation	1,000,000	100%
Spouse of Mr. Fung *(Note 6)*	Interest of spouse	1,000,000	100%
Spouse of Mr. Ngai *(Note 7)*	Interest of spouse	1,000,000	100%

Notes:

1. Team Great is owned as to 50% by Mr. Fung, 40% by Globetrade Limited and 10% by Mr. Fung Chuen.

2. Globetrade Limited is wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.

3. Winhale Ltd. is ultimately beneficially owned by the Xyston Trust, a discretionary family trust settled by Mr. Ngai for the benefit of himself and his family members. Winhale Ltd. is interested in 48.02% of the voting shares in Vantage.

4. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in the shares of Vantage held by Winhale Ltd. by virtue of the fact that Winhale Ltd. is wholly-owned by the trust of which Braveway Limited is the trustee. This trust is in turn 99.99% owned by Xyston Trust which HSBC International Trustee Limited is the trustee. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in 48.02% of the voting shares in Vantage.

5. Mr. Ngai, is interested in 1,080,011,200 shares of Vantage, which comprise 6,250,800 shares held by himself, the deemed interest in 838,760,400 shares held by Winhale Ltd. and 235,000,000 shares held by Fame Yield International Limited by virtue of his interest in the entire issued share capital of Fame Yield International Limited and he was the settlor and a beneficiary of the Xyston Trust. Mr. Ngai is interested in approximately 61.83% of the voting shares in Vantage.

6. Ms. Lee Yuk Hing is the spouse of Mr. Fung.

7. Ms. Cheng Wai Chun is the spouse of Mr. Ngai.

So far as is known to our Directors, immediately following the completion of the Share Offer and the Capitalisation Issue (but without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Share Option Scheme), the following persons will have an interest and/or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	**Nature of interest**	**Number of Shares held after the Share Offer and the Capitalisation Issue**	**Approximate percentage of issued Shares immediately after the Share Offer and the Capitalisation Issue**
Team Great	Beneficial owner	300,000,000	75%
Mr. Fung *(Note 1)*	Interest in a controlled corporation	300,000,000	75%
Globetrade Limited *(Note 1)*	Interest in a controlled corporation	300,000,000	75%
Profit Chain *(Note 2)*	Interest in a controlled corporation	300,000,000	75%
Vantage *(Notes 3, 4 and 5)*	Interest in a controlled corporation	300,000,000	75%
Winhale Ltd. *(Note 3)*	Interest in a controlled corporation	300,000,000	75%

Name	Nature of interest	Number of Shares held after the Share Offer and the Capitalisation Issue	Approximate percentage of issued Shares immediately after the Share Offer and the Capitalisation Issue
Braveway Limited *(Note 4)*	Interest in a controlled corporation	300,000,000	75%
HSBC International Trustee Limited *(Note 4)*	Interest in a controlled corporation	300,000,000	75%
Mr. Ngai *(Note 5)*	Interest in a controlled corporation	300,000,000	75%
Spouse of Mr. Fung *(Note 6)*	Interest of spouse	300,000,000	75%
Spouse of Mr. Ngai *(Note 7)*	Interest of spouse	300,000,000	75%

Notes:

1. Team Great is owned as to 50% by Mr. Fung, 40% by Globetrade Limited and 10% by Mr. Fung Chuen. Both Mr. Fung and Globetrade Limited are deemed to be interested in 300,000,000 Shares owned by Team Great by virtue of the SFO.

2. Globetrade Limited is wholly-owned by Profit Chain which is in turn wholly-owned by Vantage. Profit Chain and Vantage are deemed to be interested in 300,000,000 Shares owned by Team Great which is owned as to 40% by Globetrade Limited by virtue of the SFO.

3. Winhale Ltd. is ultimately beneficially owned by the Xyston Trust, a discretionary family trust settled by Mr. Ngai for the benefit of himself and his family members. Winhale Ltd. is deemed to be interested in 300,000,000 Shares held by Team Great under the SFO by virtue of its interest in 48.02% of the voting shares in Vantage. Team Great is owned as to 40% by Globetrade Limited which is in turn wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.

4. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in the shares of Vantage held by Winhale Ltd. by virtue of the fact that Winhale Ltd. is wholly-owned by the trust of which Braveway Limited is the trustee. This trust is in turn 99.99% owned by Xyston Trust which HSBC International Trustee Limited is the trustee. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in 300,000,000 Shares held by Team Great under the SFO by virtue of their interest in 48.02% of the voting shares in Vantage. Team Great is owned as to 40% by Globetrade Limited which is in turn wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.

5. Mr. Ngai, is interested in 1,080,011,200 shares of Vantage, which comprise 6,250,800 shares held by himself, the deemed interest in 838,760,400 shares held by Winhale Ltd. and 235,000,000 shares held by Fame Yield International Limited by virtue of his interest in the entire issued share capital of Fame Yield International Limited and he was the settlor and a beneficiary of the Xyston Trust. Mr. Ngai is deemed to be interested in 300,000,000 Shares held by Team Great under the SFO by virtue

of his interest in approximately 61.83% of the voting shares in Vantage. Team Great is owned as to 40% by Globetrade Limited which is wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.

6. Ms. Lee Yuk Hing is the spouse of Mr. Fung and is deemed to be interested in 300,000,000 Shares owned by Team Great which is owned as to 50% by Mr. Fung by virtue of the SFO.

7. Ms. Cheng Wai Chun is the spouse of Mr. Ngai and is deemed to be interested in the 300,000,000 Shares owned by Team Great because of Mr. Ngai's deemed interest in the same Shares by virtue of the SFO.

Save as disclosed herein, our Directors are not aware of any persons who immediately following the completion of the Share Offer and the Capitalisation Issue, without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the Share Option Scheme, will have an interest or a short position in any Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

For persons who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meeting of our Company immediately following the completion of the Share Offer, please refer to the section headed "Further Information about our Directors and substantial shareholders — Disclosure of interests" in Appendix V to this prospectus.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

DIRECTORS AND SENIOR MANAGEMENT

Our Board of Directors consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The following table sets out the key information concerning our Directors and our senior management:

Name	Age	Date of joining our Group	Position	Date of Appointment	Roles and Responsibilities	Relationship among them
Mr. FUNG Chi Wing (馮志榮)	52	July 1994	Executive Director and chairman	26 June 2014	All major affairs of our Group, including its overall business development, management and operations; chairman of nomination committee	Brother of Ms. FUNG Mei Lan
Ms. FUNG Mei Lan (馮美蘭)	54	September 1997	Executive Director	26 June 2014	The management of our Group's financial and procurement department	Sister of Mr. FUNG
Ir WONG Chi Wai (黃志偉)	51	November 1998	Executive Director and chief executive officer	26 June 2014	The overall development and management of our Group's operations; member of remuneration committee	N/A
Ir HO Pun Hing (何彬興)	76	September 2014	Independent non-executive Director	22 September 2014	Participating in the decision-making of our significant events; and advising on issues such as corporate governance, connected transactions; member of audit committee, chairman of remuneration committee and member of nomination committee	N/A
Ir SZETO Ka Sing (司徒家成)	61	September 2014	Independent non-executive Director	22 September 2014	Participating in the decision-making of our significant events; and advising on issues such as corporate governance, connected transactions; member of audit committee	N/A
Dr. LEUNG Shiu Ki Albert (梁兆棋)	65	September 2014	Independent non-executive Director	22 September 2014	Participating in the decision-making of our significant events; and advising on issues such as corporate governance, connected transactions; chairman of audit committee, member of remuneration committee and nomination committee	N/A
Mr. KUNG Hei Ning (龔曦寧)	29	April 2014	Financial controller and company secretary	26 June 2014	Financial management and reporting, investor relations, fund raising and capital management	N/A

Save as disclosed above, our Directors and senior management do not have any relationships with one another, other than being our Directors and senior management of our Group.

Executive Directors

Mr. FUNG Chi Wing (馮志榮), aged 52, is the founder of our Group and one of our Controlling Shareholders. He was appointed as the chairman of our Board and an executive Director on 26 June 2014. Mr. Fung is the brother of Ms. Fung Mei Lan. He is also a director of Fungs E & M. Mr. Fung is primarily responsible for all major affairs of our Group, including its overall business development, management and operations.

Mr. Fung has over 38 years of experience in the Building Services industry. In 1976, Mr. Fung started working as an apprentice in Tin Shing Engineering Co., an electrical engineering company in Hong Kong. From 1979 to 1985, Mr. Fung led a team of workers in Tin Shing Engineering Co. and undertook electrical installation projects, including electrical installation works for school buildings and sports complexes. After leaving Tin Shing Engineering Co., he led a working team and undertook electrical installation projects which included government electrical installation works from 1986 to 1992. In July 1994, he founded Fungs E & M with his two brothers, Mr. Fung Chuen and Mr. Fung Chi Kwong, to carry out Building Services engineering works.

During the period between November 1997 and January 2013, Mr. Fung was a director of Central Lighting Company Limited ("**Central Lighting**"). In January 2013, Central Lighting was dissolved by deregistration based on its own application pursuant to section 291AA of the predecessor Companies Ordinance, Chapter 32 of the Laws of Hong Kong. Mr. Fung confirmed that there was no wrongful act on his part leading to the dissolution of Central Lighting by deregistration and that, as far as Mr. Fung is aware, no actual or potential claim has been or will be made against him as a result of such dissolution. Our Directors are of the view that Mr. Fung has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with his position as a director of a listed issuer.

Mr. Fung has not held any directorship in any public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Ms. FUNG Mei Lan (馮美蘭), aged 54, was appointed as an executive Director on 26 June 2014. Ms. Fung is the sister of Mr. Fung. Ms. Fung joined our Group in September 1997 and has over 15 years' experience in accounting, financing and administration in the Building Services industry and is primarily responsible for the management of our Group's financial and procurement department.

Before joining our Group, Ms. Fung worked from June 1982 to June 1985 in Thomas Le C.Kuen & Co., an accounting firm in Hong Kong, where she was responsible for various administration matters. From July 1985 to March 1987, she was responsible for various accounting and administration works at Hwa Kay Thai Development Company Limited.

From August 1987 to January 1991, Ms. Fung joined the accounting department at Automated Systems (H.K.) Limited, currently part of an information technology services group listed on the Stock Exchange (stock code: 771), where and when she was responsible for various accounting and administration works. She was promoted to assistant accountant at Automated Systems (H.K.) Limited in June 1989.

Ms. Fung has not held any directorship in any public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Ir WONG Chi Wai (黃志偉), aged 51, was appointed as an executive Director and the chief executive officer of our Company on 26 June 2014 and is primarily responsible for the overall development and management of our Group's operations. He is also a director of Fungs E & M. Ir Wong joined our Group in November 1998 as a project manager. Before joining our Group, he worked at the Hongkong Electric Company Limited, a major electricity supplier in Hong Kong, as graduate trainee in September 1990 and was later promoted to assistant engineer from September 1992 to November 1994. From June 1997 to October 1998, Ir Wong worked as an engineer in the infrastructure development department of Hutchison Telecommunications (Hong Kong) Limited, an integrated telecommunications operator in Hong Kong. Ir Wong has over 15 years of experience in the management and execution of Building Services engineering projects.

Ir Wong was awarded with the Bachelor of Engineering Degree (Electrical & Electronic Engineering) in June 1990 from the Council for National Academic Awards (CNAA) in the United Kingdom. He obtained a Master of Engineering Management degree in October 1996 from the University of Technology, Sydney, and a Master of Science Degree in Engineering (Building Services Engineering) in November 2001 from the University of Hong Kong. Ir Wong is a Chartered Engineer, a Fellow of the Institution of Engineering & Technology and the Institution of Mechanical Engineers in the United Kingdom. Ir Wong is also a member of the HKIE, a Registered Professional Engineer (Electrical & Building Services) and a Registered Energy Assessor in Hong Kong.

Ir Wong has not held any directorship in any public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Independent Non-executive Directors

Ir HO Pun Hing (何彬興), aged 76, was appointed as an independent non-executive Director on 22 September 2014. Ir Ho obtained a Diploma in Electrical Engineering awarded by the Institution of Electrical Engineers, the United Kingdom in 1962 and a Master Degree of Science with honours awarded by National University of Ireland in March 2003. He is also a Fellow of the HKIE, the Institution of Engineering and Technology (previously known as Institution of Electrical Engineers), the United Kingdom, and the Institution of Mechanical Engineers, the United Kingdom.

Ir Ho worked for the Government as a Building Services Engineer from 1973 to 1998, when he retired as Chief Building Services Engineer. Ir Ho joined our Company as the technical director from November 1998 to November 2004. During this period, Ir Ho was responsible for the contractual and technical matters of Building Services engineering projects.

Ir Ho has been serving as a council member of The Hong Kong Electrical Contractors' Association Limited for over 13 years. He was also a council member with The Pneumoconiosis Compensation Fund Board from 2006 to 2011, and chairman of HKIE (Electrical Division) from 1991 to 1992. Currently, he serves as a technical advisor of The Hong Kong Federation of Electrical & Mechanical Contractors Limited.

Ir Ho has not held any directorship in any public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Ir SZETO Ka Sing (司徒家成), aged 61, was appointed as an independent non-executive Director on 22 September 2014. Ir Szeto passed the Engineering Council Examination (Part 2) organised by the Engineering Council (the United Kingdom) in July 1987. Ir Szeto is a Chartered Engineer, a Fellow of the HKIE, the Institution of Mechanical Engineers (the United Kingdom), the Institute of Marine Engineering, Science & Technology (the United Kingdom), and the Energy Institute (the United Kingdom). He is also a Registered Professional Engineer (Mechanical, Marine and Naval Architecture) and a Registered Energy Assessor in Hong Kong.

Ir Szeto worked for Shell Hong Kong Limited as an engineer from April 1981 and retired as the technical & engineering manager in July 2013. He was chairman of HKIE (Mechanical, Marine, Naval Architecture and Chemical Division) in 2003 and 2004, the chairman of HKIE (Gas & Energy Division) in 2004 and 2005, and the chairman of the Institution of Mechanical Engineers (Hong Kong Branch) in 2012, 2013 and 2014. Ir Szeto was a member of the Appeal Board Panel (Amusement Rides (Safety)) from February 2011 to January 2014. Ir Szeto has been a member of the Appeal Board Panel (under Lifts and Escalators Ordinance) from March 2013 to March 2016 and a member of the Disciplinary Tribunal Panel (under Builders' Lifts and Tower Working Platforms (Safety) Ordinance (Cap. 470)) since April 2014.

Ir Szeto has not held any directorship in any public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Dr. Leung Shiu Ki Albert (梁兆棋), aged 65, was appointed as our independent non-executive Director on 22 September 2014. Dr. Leung obtained a Doctorate degree of Philosophy in Economics from Shanghai University of Finance and Economics in September 2007, a Master degree of Business Administration from Brunel University, United Kingdom in December 1985 and a Diploma in Management Studies from The Polytechnic of Central London, United Kingdom in October 1983.

Dr. Leung was admitted as an associate of The Chartered Association of Certified Accountants (now known as Association of Chartered Certified Accountants) in February 1987 and became an associate of the Hong Kong Society of Accountants (now known as HKICPA) in September 1988. He is currently neither a member of the Hong Kong Institute of Certified Public Accountants nor a member of Association of Chartered Certified Accountants. Dr. Leung was appointed as a Governor of The Hong Kong Kidney Foundation.

He is currently the Financial and Business Consultant of Beauchamp International Development Limited and is responsible for providing financial and business development service. Dr. Leung currently also serves as an independent non-executive director in Oi Wah Pawnshop Credit Holdings Limited and Tack Fiori International Group Limited, both of which are companies listed on the Main Board of the Stock Exchange. Dr. Leung has around 10 years of experience in accounting and auditing in accounting firms in England from 1977 to 1987. From 1988 to 1992, he joined Citicorp International Limited as Assistant Vice President with a major responsibility in corporate finance matters in Hong Kong.

Save as disclosed above, Dr. Leung has not held any directorship in any public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed above, there is no other information in respect of our Directors that is discloseable pursuant to Rules 13.51(2)(a) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of our Shareholders.

FINANCIAL CONTROLLER AND COMPANY SECRETARY

Mr. KUNG Hei Ning (龔曦寧), aged 29, was appointed as the Financial Controller and Company Secretary of our Company on 26 June 2014. He is mainly responsible for the financial management and reporting, investor relations, fund raising and capital management of our Group.

Mr. Kung obtained a Bachelor's degree in business administration in accounting from the Hong Kong University of Science and Technology in July 2008. Before joining our Group in April 2014, Mr. Kung worked as an accountant in Assurance Department of Ernst & Young, a multinational professional services firm, from October 2008 to September 2013 and was later promoted as the audit manager in October 2013. Mr. Kung is a member of the Hong Kong Institute of Certified Public Accountants.

BOARD COMMITTEES

Audit Committee

We have established a Board audit committee pursuant to a resolution of our Directors passed on 22 September 2014 with written terms of reference in compliance with the Corporate Governance Code and the Corporate Governance Report as set out in Appendix

14 to the Listing Rules. The primary duties of the Audit Committee are to review our Company's financial information and supervise our financial reporting system and internal control procedures.

The audit committee currently consists of three independent non-executive Directors. The members of the audit committee are currently Dr. Leung Shiu Ki Albert, Ir Ho Pun Hing and Ir Szeto Ka Sing and the chairman is Dr. Leung Shiu Ki Albert.

Remuneration Committee

We have established a Board remuneration committee pursuant to a resolution of our Directors passed on 22 September 2014 with written terms of reference in compliance with the Code on Corporate Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary function of the remuneration committee is to make recommendations to the Board on our Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy.

The remuneration committee currently consists of Ir Ho Pun Hing, Dr. Leung Shiu Ki Albert and Ir Wong Chi Wai. It is currently chaired by Ir Ho Pun Hing, an independent non-executive Director.

Nomination Committee

We have established a Board nomination committee pursuant to a resolution of our Directors passed on 22 September 2014 with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and chief executive officer.

The nomination committee currently consists of Mr. Fung Chi Wing, Dr. Leung Shiu Ki Albert and Ir Ho Pun Hing and is currently chaired by Mr. Fung Chi Wing.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to the written resolutions of the sole Shareholder of our Company passed on 22 September 2014. The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. Our Directors consider the Share Option Scheme, with its broad basis of participation, will enable us to reward our employees, our Directors and other selected participants for their contributions to us. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. A summary of the principal terms of the Share Option Scheme are set out in the paragraph headed "Other Information — Share Option Scheme" in Appendix of V this prospectus.

REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate remuneration (including salaries, allowances, benefits in kind, discretionary performance-related bonus and pension scheme contributions) paid to our Directors for the years ended 31 March 2012, 2013 and 2014 were approximately HK$6.7 million, HK$5.8 million and HK$7.4 million, respectively.

The aggregate remuneration (including salaries, allowances, benefits in kind, discretionary performance-related bonuses and pension scheme contributions) paid to our Group's five highest paid individuals for the years ended 31 March 2012, 2013 and 2014 were approximately HK$8.6 million, HK$7.4 million and HK$9.7 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest-paid individuals as an inducement to join or upon joining our Group. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

There was no arrangement under which a director waived or agreed to waive any remuneration for any of the years ended 31 March 2012, 2013 and 2014.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended 31 March 2012, 2013 and 2014 by any of member of our Group to any of our Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, excluding discretionary bonus, our Directors in respect of the year ending 31 March 2015 to be approximately HK$5.1 million.

COMPLIANCE ADVISER

We have appointed Ample Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

(3) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares pursuant to Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of Listing Rules and the compliance adviser agreement entered into between the compliance adviser and our Company, the compliance adviser will, among other things:

1. ensure our Company is properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines;

2. accompany our Company to any meetings with the Stock Exchange, unless otherwise requested by the Stock Exchange;

3. in relation to any application by our Company for a waiver from any of the requirements in Chapter 14A of the Listing Rules, advise our Company on our obligations and in particular the requirement to appoint an independent financial adviser; and

4. assess the understanding of all new appointees to the Board regarding the nature of their responsibilities and fiduciary duties as a director of a listed issuer, and, if any inadequacies identified, recommend necessary remedial steps to our Directors.

Term

The term of the appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the full financial year commencing after the Listing Date.

Duties of our Company

Our Company shall fully comply with and discharge our responsibilities under the Listing Rules and other applicable laws, regulations and codes relating to securities and corporate governance that are applicable to our Company.

During the term, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the circumstances as required under Rule 3A.23 of the Listing Rules.

Termination

Our Company may terminate the compliance adviser's role only if the compliance adviser's work is of an unacceptable standard or if there is material dispute (which cannot be resolved within 30 days) over fees payable by our Company to the compliance adviser.

The compliance adviser shall have the right to terminate its appointment as the compliance adviser under the compliance adviser's agreement at any time without compensation being payable to our Company by giving not less than one (1) month written notice to our Company.

FUTURE PLANS

The section headed "Business — Business strategies and prospects" in this prospectus sets out a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds from the Share Offer will strengthen our capital base and will provide funding for achieving our business strategies and carrying out our future plans as set out in the section headed "Business — Business Strategies" in this prospectus. As discussed in the sections headed "Regulatory overview" in this prospectus, there is a minimum requirement on our employed capital and working capital for undertaking projects in the public sector in Hong Kong and being on the Housing Authority List of Electrical Contractors. We are also required by our customer to provide retention money which generally represents 5% of the total contract sum according to the project terms. It is therefore beneficial to our Group to strengthen its capital base through raising funds under the Share Offer so that our Group will be able to tender for more projects with larger contract sums after Listing.

The table below sets out the estimated net proceeds of the Share Offer which we will receive after deduction of the underwriting fees and commissions and other estimated expenses in connection with the Share Offer:

	Assuming the Offer Size Adjustment Option is not exercised	**Assuming the Offer Size Adjustment Option is exercised in full**
If the Offer Price is fixed at HK$0.90 per Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK$73.7 million	Approximately HK$87.0 million
If the Offer Price is fixed at HK$1.10 per Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK$93.4 million	Approximately HK$109.7 million
If the Offer Price is fixed at HK$0.7 per Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK$53.9 million	Approximately HK$64.3 million

We intend to apply the net proceeds to us from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and assuming that the Offer Size Adjustment Option is not exercised at all and an Offer Price of HK$0.90, being the mid-point of the Offer Price range, of approximately HK$73.7 million as follows:

- approximately HK$44.2 million or approximately 60% of the net proceeds will be used for the operation of prospective projects;

- approximately HK$14.7 million or approximately 20% of the net proceeds for the hiring of 30 additional staff including project managers and experienced engineering staff by the year ending 31 March 2018;

- approximately HK$7.4 million or approximately 10% of the net proceeds for the upgrade of our computer system and software in the next three to five years; and

- approximately HK$7.4 million or approximately 10% of the net proceeds will be used as general working capital of our Group.

In the event that the Offer Price is set at the high-end of the proposed Offer Price range, our Company will receive additional net proceeds of the Share Offer of approximately HK$19.7 million when compared to the net proceeds receivable by our Company with the Offer Price being determined at the mid-point of the range as stated in this prospectus, which will be used in the same proportions as set out above.

In the event that the Offer Price is set at the low-end of the proposed Offer Price range, the net proceeds of the Share Offer will decrease by approximately HK$19.8 million when compared to the net proceeds receivable by our Company with the Offer Price being determined at the mid-point of the range as stated in this prospectus. Under such circumstances, our Company intends to reduce its allocation of the net proceeds to the above purposes on a pro-rata basis.

UNDERWRITERS

Placing Underwriters

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

Convoy Investment Services Limited
24C, @ Convoy
169 Electric Road
North Point
Hong Kong

Public Offer Underwriter

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

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription of 10,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. AOCL has agreed on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, but without limitation, the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriter to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. AOCL may in its absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date (the "Termination Time") if:

(i) there shall develop, occur, exist or come into effect:

(a) any change or prospective change (whether or not permanent) in the business or in the business or in the financial or trading position of our Group; or

(b) any change or development involving a prospective change or development, or any event or series of event resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, BVI, Cayman Islands or any other jurisdictions where any member of our Group is incorporated or operates (collectively, the "Relevant Jurisdictions"); or

(c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or

(d) any new laws or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or

(e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or

(f) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or

(g) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, Controlling Shareholders and executive Directors under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or

(h) (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(i) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or

(j) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

(k) any change or development involving a prospective change, or a materialization of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(l) any change in the system under which the value of the Hong Kong dollar is linked to that of the U.S. dollar or a material devaluation of Hong Kong dollar against any foreign currency; or

(m) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(n) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or

(o) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or

(p) non-compliance of any of this prospectus or any aspect of the Share Offer with the Listing Rules or any other applicable laws; or

(q) an order or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group

or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto in respect of any member of our Group; or

(r) any loss or damage sustained by any member of our Group; or

(s) save as disclosed in this prospectus, any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group; or

(t) a Director being charged with an indictable offence or prohibited by the operation of law or is otherwise disqualified from taking part in the management of a company; or

(u) the chairman or president of our Company vacating his office; or

(v) the commencement by any governmental, regulatory or judicial body or organisation of any action against a Director or an announcement by any governmental, regulatory or judicial body or organization that it intends to take any such action; or

(w) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a material breach of any other provisions thereof;

which in the sole and absolute opinion of AOCL:

(a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Group taken as a whole; or

(b) has or will or may have a material adverse effect on the success of the Public Offer, the Placing and/or the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or

(c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer, the Placing and/or the Share Offer to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Public Offer, the Placing and/or the Share Offer on the terms and in the manner contemplated in this prospectus; or

(ii) the Public Offer Underwriter shall become aware of the fact that, or have cause to believe that:

(a) any of the warranties given by our Company, Controlling Shareholders and executive Directors under the Public Offer Underwriting Agreement or pursuant to the Placing Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by AOCL (in its sole and absolute discretion), or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect;

(b) any statement contained in this prospectus or the Application Forms was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if this prospectus were to be issued at that time, constitute a material omission therefrom as determined by the Sponsor (in its sole and absolute discretion), or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus and/or any announcements issued by our Company in connection with the Public Offer (including any supplemental or amendment thereto) are not, in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(c) there has been a material breach on the part of any of our Company, Controlling Shareholders and executive Director of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement as determined by AOCL (in its sole and absolute discretion).

Lock-up undertakings to the Public Offer

Underwriter Undertakings by our Company

Our Company has undertaken to the Sponsor and AOCL that our Company shall, and each of our Controlling Shareholders have undertaken to the Sponsor and AOCL to procure our Company that:

(a) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription rights attaching to the Offer Size Adjustment Option or share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, not without the prior written consent of the Sponsor and AOCL, and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition

or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the "First Six-month Period");

(b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of the subscription rights attaching to the Offer Size Adjustment Option or share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules or under Note (2) to Rule 10.07 of the Listing Rules;

(c) not at any time within the period of six months immediately following the expiry of the First Six-month Period (the "Second Six-month Period") do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules);

(d) in the event that our Company does any of the acts set out in clause (a) or (b) after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company's ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such Subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that Subsidiary ceasing to be a subsidiary of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has represented, warranted and undertaken to the Sponsor, AOCL and our Company that:

(a) he or it shall not, without the prior written consent of the Sponsor and AOCL (for itself and on behalf of the Public Offer Underwriter), directly or indirectly, and shall procure that none of his or its close associates (as defined in the Listing Rules) or companies controlled by him or it or any nominee or trustee holding in trust for him or it shall, during the First Six month Period, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest therein or any of the voting or other rights attaching thereto); or

(b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities, at any time during the First Six-month Period, save as provided under notes (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the Second Six-month period, (1) such disposal shall not result in any of our Controlling Shareholders ceasing to be our controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second Six-month Period; and (2) he or it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Without prejudice to our Controlling Shareholders' undertaking above, each of the Controlling Shareholders undertakes to the Sponsor, AOCL and our Company that within the First Six-month Period and the Second Six-month Period he or it shall:

(a) if and when he or it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company beneficially owned by him or it (or any beneficial

interest therein), immediately inform our Company, the Sponsor and AOCL in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities in our Company (or any beneficial interest therein) pledged or charged by him or it will be disposed of, immediately inform our Company, the Sponsor and AOCL in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

Lock-up undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer and the Offer Size Adjustment Option or unless in compliance with the requirements of the Listing Rules, it or he shall not, and shall procure that the relevant registered holder(s) shall not, (i) at any time during the period commencing on the date by reference to which disclosure of its or his shareholding in our Company is made in the prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or other securities of the Company in respect of which it or he is shown by this prospectus to be the beneficial owner; and (ii) at any time during the period of six months from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be our Controlling Shareholder.

Our Controlling Shareholders have further undertaken to us and the Stock Exchange that it or he will, within a period of commencing on the date by reference to which disclosure of its or his shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

(a) any pledges or charges of any Shares or other securities of our Company beneficially owned by any of our Controlling Shareholders in favor of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, and the number of such Shares or other securities of our Company so pledged or charged; and

(b) when it or he or the relevant requested holders receive indication, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company have undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer (including the exercise of the Offer Size Adjustment Option) and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the grant of options and the issue of Shares pursuant to the Share Option Scheme.

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company and Controlling Shareholders will enter into the Placing Underwriting Agreement with the Sponsor, AOCL, the Placing Underwriters and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the 90,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed "Lock-up undertakings to the Public Offer Underwriter" above in this section.

Our Company is expected to grant to the Placing Underwriters the Offer Size Adjustment Option exercisable by AOCL or its agent, on behalf of the Placing Underwriters, at any time before 5:00 p.m. on the business day before the date of announcement of the results of application and the basis of the Public Offer Shares or otherwise it will lapse, to require our Company to allot and issue up to an aggregate of 15,000,000 additional Shares, representing 15% of the Offer Shares, at the Offer Price per Offer Share under Placing, solely to cover over allocations, if any, in the Placing.

Commission and expenses

The Underwriters will receive underwriting commissions of 1.25% of the aggregate Offer Price payable for the Placing Shares and 2.5% of the aggregate offer Price payable for the Public Offer Shares in accordance with the terms of the Underwriting Agreements, out of which the Underwriters may pay any sub-underwriting commission in connection with the Share Offer. Based on the Offer Price of HK$0.90 per Offer Share (being the mid-point of the indicative range of the Offer Price), the aggregate commission and fees payable to the Underwriters, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK$16.3 million in total (assuming the Offer Size Adjustment Option is not exercised). We will also pay for all expenses in connection with any exercise of the Offer Size Adjustment Option.

SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sponsor will receive a documentation fee. AOCL and the Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Commission and expenses" above.

We have appointed Ample Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sponsor and the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group or has any interest in the Share Offer.

The Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Joint Lead Managers will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.

DETERMINING THE OFFER PRICE

The Office Price is expected to be fixed by the Price Determination Agreement to be entered into between AOCL (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or before 8:00 p.m. on Wednesday, 8 October 2014.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lowered than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK$1.10 per Offer Share and is expected to be not less than HK$0.70 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

AOCL (for itself and on behalf of the Underwriters) may, where they consider appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the number of the Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause there to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.ngachun.com.hk** notices of reduction in the number of the Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.ngachun.com.hk** of a reduction in the number of the Offer Shares and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by AOCL (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between us and AOCL (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Thursday, 9 October 2014, the Share Offer will not proceed and will lapse.

Announcement of the final Offer Price, together with the level of indication of interests in the Placing and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on Wednesday, 15 October 2014.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$1.10 per Offer Share and is expected to be not less than HK$0.70 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK$1.10 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy, amounting to a total of HK$4,444.35 per board lot of 4,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK$1.10 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Further details are set out in the section headed "How to Apply for Public Offer Shares" in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, among others, the satisfaction of all of the following conditions:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer and Shares which fall to be allotted and issued upon the exercise of the Offer Size Adjustment Option and upon the exercise of any options which may be granted under the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

2. Underwriting Agreements

The obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date.

If any of the conditions is not fulfilled or waived on or before the times specified above, the Share Offer will lapse and the application money will be returned to the applicants, without interest. The terms on which the application money will be returned to the applicants are set out in the section headed "How to Apply for Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 100,000,000 Offer Shares (subject to Offer Size Adjustment Option) will be made available under the Share Offer, of which 90,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 10,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriter has agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed "Underwriting" in this prospectus.

Investors may apply for Offers Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 90,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which

would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Sponsor and AOCL (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

The Placing is expected to be subject to the conditions as stated in the paragraph headed "Conditions of the Share Offer" of this section.

The Public Offer

Our Company is initially offering 10,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriter subject to the Offer Price being agreed on or before the Price Determination Date. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK$1.10 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is liable to be rejected.

The total number of the Offer Shares available under the Public Offer is to be divided into two pools of 5,000,000 Public Offer Shares for each of pool A and pool B, respectively, for allocation purposes:

- Pool A: The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) or less; and

- Pool B: The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) and up to the value of pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly.

Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Multiple applications or suspected multiple applications and any application made for more than 50% of the 10,000,000 Shares initially comprised in the Public Offer (i.e. 5,000,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

BASIS OF ALLOCATION OF THE OFFER SHARES

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

(a) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 30,000,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

(b) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 40,000,000 Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and

(c) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 50,000,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of AOCL.

OFFER SIZE ADJUSTMENT OPTION

Our Company has granted the Offer Size Adjustment Option, exercisable by the AOCL or its agent on behalf of the Placing Underwriters at any time before 5:00 p.m. on the business day immediately before the date of the announcement of the results of allocations and the basis of allocation of the Public Offer Shares, to require our Company to allot and issue up to an aggregate of 15,000,000 additional Shares, representing 15% of the number of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer. The Offer Size Adjustment Option will not be used for price stabilisation purposes in the secondary market after listing of the Shares on the Stock Exchange and is not subject to the Securities and Future (Price Stabilizing) Rules of the SFO. Any such additional Shares may be issued to cover any excess demand in the Placing and in the event that the Offer Size Adjustment Option is exercised, AOCL in its sole and absolute discretion may decide to whom and proportions in which the additional Shares will be allotted. If the Offer Size Adjustment Option is exercised in full, the additional 15,000,000 Shares and the Offer Shares will represent approximately 3.6% and 27.7% respectively of our Company's enlarged share capital immediately after completion of the Share Offer and the exercise of the Offer Size Adjustment Option.

Our Company will disclose in the announcement of the results of allocations and the basis of allocation of the Public Offer Shares whether, and to what extent, the Offer Size Adjustment Option has been exercised. In the event that the Offer Size Adjustment Option has not been exercised by AOCL on behalf of the Placing Underwriters, our Company will confirm in such announcement that the Offer Size Adjustment Option has lapsed and cannot be exercised at any future date.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the AOCL, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the AOCL may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 30 September 2014 to 12:00 noon on Tuesday, 7 October 2014 from:

(i) the office of the following party:

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

(ii) any of the following branches of Bank of China (Hong Kong) Limited, the receiving bank for the Public Offer:

District	Branch name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	409 Hennessy Road Branch	409–415 Hennessy Road, Wan Chai
Kowloon	Tsim Sha Tsui East Branch	Shop G02-03, Inter-Continental Plaza, 94 Granville Road, Tsim Sha Tsui
	Wong Tai Sin Branch	Shop G13, Wong Tai Sin Plaza, Wong Tai Sin
	Hung Hom (Eldex Industrial Building) Branch	21 Ma Tau Wai Road, Hung Hom
	Kwai Chung Plaza Branch	A18–20, G/F Kwai Chung Plaza, 7–11 Kwai Foo Road, Kwai Chung
	Mong Kok Branch	589 Nathan Road, Mong Kok
	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong
New Territories	Kau Yuk Road Branch	18–24 Kau Yuk Road, Yuen Long
	Fo Tan Branch	No 2, 1/F Shatin Galleria, 18–24 Shan Mei Street, Fo Tan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 30 September 2014 until 12:00 noon on Tuesday, 7 October 2014 from the Depository Counter of HKSCC at 2/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to **Bank of China (Hong Kong) Nominees Limited — Nga Chun 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:

- Tuesday, 30 September 2014 9:00 a.m. to 5:00 p.m.
- Friday, 3 October 2014 9:00 a.m. to 5:00 p.m.
- Saturday, 4 October 2014 9:00 a.m. to 1:00 p.m.
- Monday, 6 October 2014 9:00 a.m. to 5:00 p.m.
- Tuesday, 7 October 2014 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, 7 October 2014, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the AOCL (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of the Company, AOCL, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to the Company, our Hong Kong Branch Share Registrar, receiving bank, AOCL, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, AOCL and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the firstnamed applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and AOCL will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the

designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 30 September 2014 until 11:30 a.m. on Tuesday, 7 October 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 7 October 2014 or such later time under the "Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2nd Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, AOCL and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

- (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and AOCL will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, AOCL, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Branch Share Registrar, receiving bank, AOCL, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person

before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association of the Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the 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 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Tuesday, 30 September 2014 — 9:00 a.m. to 8:30 p.m.(1)

- Friday, 3 October 2014 — 8:00 a.m. to 8:30 p.m.(1)

- Saturday, 4 October 2014 — 8:00 a.m. to 1:00 p.m.(1)

- Monday, 6 October 2014 — 8:00 a.m. to 8:30 p.m.(1)

- Tuesday, 7 October 2014 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Tuesday, 30 September 2014 until 12:00 noon on Tuesday, 7 October 2014 (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, 7 October 2014, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Branch Share Registrar, the receiving banker, AOCL, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sponsor, AOCL and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Tuesday, 7 October 2014.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and Conditions of the Share Offer — Determining the Offer Price".

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, 7 October 2014. 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, 7 October 2014 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, 15 October 2014 (i) in The Standard (in English); (ii) the Hong Kong Economic Times (in Chinese); (iii) on the Company's website at www.ngachun.com.hk; and (iv) the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.ngachun.com.hk** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, 15 October 2014;

- 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 Wednesday, 15 October 2014 to 12:00 mid-night on Tuesday, 21 October 2014;

- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 15 October 2014 to Monday, 20 October 2014 (excluding Saturday, Sunday and Public Holiday);

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 15 October 2014 to Friday, 17 October 2014 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Condition of the Share Offer".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, AOCL, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or AOCL believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 5,000,000 Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$1.10 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 15 October 2014.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong

identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, 15 October 2014. 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 Thursday, 16 October 2014 provided that the Share Offer has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 15 October 2014 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 15 October 2015, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 15 October 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 15 October 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 15 October 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 15 October 2014, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, 15 October 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 15 October 2014, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of Results" above on Wednesday, 15 October 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 15 October 2014 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 15 October 2014. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the

number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 15 October 2014.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

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

30 September 2014

The Directors
Nga Chun Holdings Company Limited

Ample Capital Limited

Dear Sirs,

We set out below our report on the financial information of Nga Chun Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 March 2012, 2013 and 2014 (the "Track Record Period"), and the combined statements of financial position of the Group as at 31 March 2012, 2013 and 2014, together with the notes thereto (the "Financial Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 30 September 2014 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 May 2014. Pursuant to a group reorganisation (the "Reorganisation") as set out in note 2.1 of Section II below, which was completed on 22 September 2014, the Company became the holding company of the subsidiaries now comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company had direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 March as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with

the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Track Record Period are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the combined financial statements of the Group (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 March 2012, 2013 and 2014 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 March 2012, 2013 and 2014, and of the combined results and cash flows of the Group for each reporting period during the Track Record Period.

I. FINANCIAL INFORMATION

(A) COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March		
		2012	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	7	339,544	424,411	581,494
Contract costs		(295,730)	(362,579)	(506,500)
Gross profit		43,814	61,832	74,994
Other income and gains	7	470	59	496
Administrative expenses		(14,426)	(13,027)	(13,785)
Finance costs	8	—	(82)	(557)
Other expenses		—	—	(5,451)
PROFIT BEFORE TAX	9	29,858	48,782	55,697
Income tax expense	12	(4,947)	(8,091)	(10,419)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24,911	40,691	45,278
Profit and total comprehensive income attributable to owners of the parent		24,911	40,691	45,278

Details of the dividends payable and proposed for the Track Record Period are disclosed in note 13 to the Financial Information.

(B) COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 March 2012 HK$'000	2013 HK$'000	2014 HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	4,462	57,879	65,487
Pledged deposit for a life insurance product	16	—	—	5,963
Total non-current assets		4,462	57,879	71,450
CURRENT ASSETS				
Gross amount due from customers for contract works	17	34,959	55,581	57,588
Accounts receivable	18	33,041	46,565	55,412
Prepayments, deposits and other receivables	19	21,488	15,770	3,105
Cash and cash equivalents	20	28,809	22,920	96,491
Total current assets		118,297	140,836	212,596
CURRENT LIABILITIES				
Accounts payable	21	36,745	33,347	26,956
Accruals of costs for contract works		24,710	14,455	48,707
Tax payable		5,336	8,871	7,377
Other payables and accruals	22	2,110	22,894	3,492
Interest-bearing bank loans	23	—	24,600	57,833
Total current liabilities		68,901	104,167	144,365
NET CURRENT ASSETS		49,396	36,669	68,231
TOTAL ASSETS LESS CURRENT LIABILITIES		53,858	94,548	139,681
NON-CURRENT LIABILITIES				
Deferred tax liabilities	24	322	321	176
Net assets		53,536	94,227	139,505
EQUITY				
Equity attributable to owners of the parent				
Issued capital	25	—	—	—
Reserves	26	53,536	94,227	139,505
Total equity		53,536	94,227	139,505

(C) COMBINED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the parent			
		Issued capital	**Other reserve**	**Retained profits**	**Total equity**
	Note	*HK$'000 (note 25)*	*HK$'000 (note 26(a))*	*HK$'000*	*HK$'000*
At 1 April 2011		—	4,800	65,201	70,001
Profit and total comprehensive income for the year		—	—	24,911	24,911
Dividend declared and approved	13	—	—	(41,376)	(41,376)
At 31 March 2012 and 1 April 2012		—	4,800*	48,736*	53,536
Profit and total comprehensive income for the year		—	—	40,691	40,691
At 31 March 2013 and 1 April 2013		—	4,800*	89,427*	94,227
Profit and total comprehensive income for the year		—	—	45,278	45,278
At 31 March 2014		—	4,800*	134,705*	139,505

* *These reserve accounts comprise the combined reserves of HK$53,536,000, HK$94,227,000 and HK$139,505,000 in the combined statements of financial position as at 31 March 2012, 2013 and 2014, respectively.*

(D) COMBINED STATEMENTS OF CASH FLOWS

		Year ended 31 March		
		2012	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		29,858	48,782	55,697
Adjustments for:				
Finance costs	8	—	82	557
Interest income	7	—	—	(1)
Depreciation	9	1,608	1,985	3,447
Gain on disposal of items of property, plant and equipment	7	(315)	(23)	—
Impairment of an amount due from a related party	9	—	—	5,451
		31,151	50,826	65,151
Decrease/(increase) in the gross amount due from customers for contract works		7,699	(20,622)	(2,007)
Increase in accounts receivable		(25,274)	(13,524)	(11,030)
Decrease/(increase) in prepayments, deposits and other receivables		(8,579)	4,922	4,231
Increase/(decrease) in accounts payable		3,156	(3,398)	(4,208)
Increase/(decrease) in accruals of costs for contract works		7,890	(10,255)	34,252
Increase in other payables and accruals		4	784	598
Cash generated from operations		16,047	8,733	86,987
Interest received		—	—	1
Interest paid		—	(82)	(557)
Hong Kong profits tax paid		(10,629)	(4,557)	(12,058)
Net cash flows from operating activities		5,418	4,094	74,373

	Note	Year ended 31 March 2012 HK$'000	2013 HK$'000	2014 HK$'000
Net cash flow from operating activities		5,418	4,094	74,373
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of items of property, plant and equipment		(1,110)	(35,052)	(31,055)
Advances to related parties		(11,846)	—	—
Repayments from related parties		—	446	3,003
Proceeds from disposal of items of property, plant and equipment		29	23	—
Payment for a life insurance product		—	—	(5,983)
Net cash flows used in investing activities		(12,927)	(34,583)	(34,035)
CASH FLOWS FROM FINANCING ACTIVITIES				
New interest-bearing bank loans		—	25,000	38,000
Repayment of interest-bearing bank loans		—	(400)	(4,767)
Net cash flows from financing activities		—	24,600	33,233
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(7,509)	(5,889)	73,571
Cash and cash equivalents at beginning of year		36,318	28,809	22,920
CASH AND CASH EQUIVALENTS AT END OF YEAR		28,809	22,920	96,491
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	20	28,809	22,920	96,491
		28,809	22,920	96,491

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Unit B, 10/F., Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong.

The Company is an investment holding company. During the Track Record Period, the Company's principal subsidiaries were engaged in the provision of building services ("Building Services") in Hong Kong.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Corporate Reorganisation" in the section headed "History and Reorganisation" in the Prospectus.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Master Grand Investment Company Limited ("Master Grand") *(Note (a))*	British Virgin Islands ("BVI") 19 May 2014	US$100	100	—	Investment holding
Fungs E & M Engineering Company Limited ("Fungs E & M") *(Note (b))*	Hong Kong 28 July 1994	HK$4,800,000	—	100	Building Services

Notes:

(a) No audited financial statements have been prepared for Master Grand since its incorporation as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(b) The statutory financial statements of this entity for the years ended 31 March 2012 and 2013 prepared under HKFRSs were audited by Thomas C.I. Leung & Co., certified public accountants registered in Hong Kong. The statutory financial statements for the year ended 31 March 2014 were audited by Ernst & Young, Hong Kong.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Corporate Reorganisation" in the section headed "History and Reorganisation" in the Prospectus, the Company became the holding company of the subsidiaries now comprising the Group. As the Reorganisation only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, the Financial Information for the Track Record Period has been presented as a continuation of the existing company using the pooling of interests method.

Accordingly, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period. The combined statements of financial position as at 31 March 2012, 2013 and 2014 present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates.

All significant intragroup transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 April 2013, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Track Record Period.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except when otherwise indicated.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information:

HKFRS 9	*Financial Instruments*[5]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	Amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[1]
HKFRS 11 Amendments	Amendments to HKFRS 11 *Joint Arrangements — Accounting for Acquisitions of Interests in Joint Operations*[3]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[4]
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets — Clarification of Acceptable Methods of Depreciation and Amortisation*[3]
HKAS 16 and HKAS 41 Amendments	Amendments to HKAS 16 *Property, Plant and Equipment* and HKAS 41 *Agriculture — Bearer Plants*[3]
HKAS 27 (2011) Amendments	Amendments to HKAS 27 (2011) *Separate Financial Statements — Equity Method in Separate Financial Statements*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits — Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC) — Int 21	*Levies*[1]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 January 2017
[5] Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than construction contract assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly-controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	Over the shorter of the remaining lease terms and 40 years
Furniture, fixtures and office equipment	20%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

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

The Group's financial assets include accounts and other receivables, deposits, and cash and cash equivalents.

Subsequent measurement

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

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

The Group's financial liabilities include accounts and other payables, accruals of costs for contract works and interest-bearing bank loans.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of each reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Income tax

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

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

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

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

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

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

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

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

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

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

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

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

Revenue recognition

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

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

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

(c) rental income, on a time proportion basis over the lease terms.

Construction, renovation and other contracts

Contract revenue comprises the agreed contract amount or fixed rate per unit of output and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

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

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

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in

accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they have been approved by the shareholders.

5. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Construction, renovation and other contracts

As further explained in note 4 to the Financial Information, revenue and profit recognition on contract works is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Based on the Group's past experience and the nature of the contract activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. As a result, until this point is reached, the amount due from customers for contract works as disclosed in note 17 to the Financial Information will not include profit which the Group may eventually realise from the work performed to date. In addition, actual outcomes in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of each reporting period, which would affect the revenue and profit recognised in future years.

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

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimated recoverability of receivables

The Group's management determines the provision of receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors as well as the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at the end of each reporting period.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

6. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision for Building Services. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the Track Record Period, and the non-current assets of the Group were located in Hong Kong as at 31 March 2012, 2013 and 2014.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for each reporting period during the Track Record Period, is set out below:

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Customer A	175,575	187,828	277,355
Customer B	61,631	85,945	N/A*
Customer C[#]	N/A*	49,573	69,694
Customer D	N/A*	N/A*	92,050

* *Less than 10% of the Group's revenue*

[#] *Included sales to a group of entities which are known to be under common control of a related party*

Except for the aforesaid, no revenue from a single external customer accounted for 10% or more of the Group's revenue.

7. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the appropriate proportion of contract revenue from construction, renovation and other contracts.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
Contract revenue	339,544	424,411	581,494
Other income and gains			
Interest income	—	—	1
Gain on disposal of items of property, plant and equipment	315	23	—
Gross rental income	—	—	480
Sundry income	155	36	15
	470	59	496

8. FINANCE COSTS

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	—	82	557

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 March		
		2012	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	15	1,608	1,985	3,447
Auditors' remuneration		185	220	220
Impairment of an amount due from a related party	19	—	—	5,451
Net rental income		—	—	(413)
Employee benefit expense:				
Wages and salaries		23,814	26,762	32,519
Pension scheme contributions (defined contribution scheme)		508	707	799
		24,322	27,469	33,318
Minimum lease payments under operating leases:				
Land and buildings		2,765	1,500	—
Equipment		130	130	138
		2,895	1,630	138

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors at any time during the Track Record Period since the Company was only incorporated in the Cayman Islands subsequent to the end of the Track Record Period on 21 May 2014.

Subsequent to the end of the Track Record Period, Mr. Fung Chi Wing, Ms. Fung Mei Lan and Ir Wong Chi Wai were appointed as executive directors of the Company on 26 June 2014. Ir Ho Pun Hing, Ir Szeto Ka Sing, and Dr. Leung Shiu Ki Albert were appointed as independent non-executive directors of the Company on 22 September 2014. Mr. Fung Chi Wing was appointed as chairman of the Company and Ir Wong Chi Wai was appointed as the chief executive officer of the Company on 26 June 2014.

Certain of the directors of the Company received remuneration from a subsidiary now comprising the Group for their appointment as directors of this subsidiary or in a capacity as an employee. The remuneration of each of these directors is set out below:

	Salaries, allowances, and benefits in kind *HK$'000*	Discretionary performance-related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
For the year ended 31 March 2012				
Executive directors:				
Mr. Fung Chi Wing	2,628	880	12	3,520
Ir Wong Chi Wai	657	1,495	12	2,164
Ms. Fung Mei Lan	366	626	12	1,004
	3,651	3,001	36	6,688
For the year ended 31 March 2013				
Executive directors:				
Mr. Fung Chi Wing	2,866	480	15	3,361
Ir Wong Chi Wai	683	963	15	1,661
Ms. Fung Mei Lan	421	292	15	728
	3,970	1,735	45	5,750
For the year ended 31 March 2014				
Executive directors:				
Mr. Fung Chi Wing	2,985	1,500	15	4,500
Ir Wong Chi Wai	705	1,524	15	2,244
Ms. Fung Mei Lan	447	240	15	702
	4,137	3,264	45	7,446

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 March 2012, 2013 and 2014 included three, two and two directors of the Company, respectively, details of whose remuneration are set out in note 10 above. Details of the remuneration of the five highest paid employees (inclusive of directors) for the Track Record Period are as follows:

	Year ended 31 March		
	2012 *HK$'000*	2013 *HK$'000*	2014 *HK$'000*
Salaries, allowances and benefits in kind	4,456	5,109	5,338
Discretionary performance-related bonuses	4,072	2,221	4,307
Pension scheme contributions	60	73	75
	8,588	7,403	9,720

The number of the five highest paid employees (inclusive of directors) whose remuneration fell within the following bands is as follows:

	Year ended 31 March		
	2012	2013	2014
Nil to HK$1,000,000	2	3	2
HK$1,000,001 to HK$1,500,000	1	—	1
HK$1,500,001 to HK$2,000,000	—	1	—
HK$2,000,001 to HK$2,500,000	1	—	1
HK$3,000,001 to HK$3,500,000	—	1	—
HK$3,500,001 to HK$4,000,000	1	—	—
HK$4,000,001 to HK$4,500,000	—	—	1
	5	5	5

During the Track Record Period, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for each reporting period during the Track Record Period.

	Year ended 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Current — Hong Kong			
Charge for the year	4,982	8,092	10,564
Deferred *(note 24)*	(35)	(1)	(145)
Total tax charge for the year	4,947	8,091	10,419

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Profit before tax	29,858	48,782	55,697
Tax at the Hong Kong statutory tax rate of 16.5%	4,927	8,049	9,190
Expenses not deductible for tax	32	52	1,239
Others	(12)	(10)	(10)
Tax charge at the Group's effective tax rate	4,947	8,091	10,419

13. DIVIDEND

No dividend has been paid or declared by the Company since its incorporation.

During the year ended 31 March 2012, Fungs E & M declared and approved an interim dividend of HK$41,376,000 to its then shareholders.

14. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Track Record Period on a combined basis as disclosed in note 2.1 above.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 March 2012				
At 1 April 2011:				
Cost	—	3,533	6,599	10,132
Accumulated depreciation	—	(814)	(4,294)	(5,108)
Net carrying amount	—	2,719	2,305	5,024
At 1 April 2011, net of accumulated depreciation	—	2,719	2,305	5,024
Additions	—	245	865	1,110
Depreciation provided during the year	—	(654)	(954)	(1,608)
Disposals	—	—	(64)	(64)
At 31 March 2012, net of accumulated depreciation	—	2,310	2,152	4,462
At 31 March 2012:				
Cost	—	3,481	5,630	9,111
Accumulated depreciation	—	(1,171)	(3,478)	(4,649)
Net carrying amount	—	2,310	2,152	4,462
31 March 2013				
At 1 April 2012:				
Cost	—	3,481	5,630	9,111
Accumulated depreciation	—	(1,171)	(3,478)	(4,649)
Net carrying amount	—	2,310	2,152	4,462
At 1 April 2012, net of accumulated depreciation	—	2,310	2,152	4,462
Additions	54,193	282	927	55,402
Depreciation provided during the year	(261)	(672)	(1,052)	(1,985)
At 31 March 2013, net of accumulated depreciation	53,932	1,920	2,027	57,879

	Land and buildings *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
At 31 March 2013:				
Cost	54,193	3,763	6,471	64,427
Accumulated depreciation	(261)	(1,843)	(4,444)	(6,548)
Net carrying amount	53,932	1,920	2,027	57,879
31 March 2014				
At 1 April 2013:				
Cost	54,193	3,763	6,471	64,427
Accumulated depreciation	(261)	(1,843)	(4,444)	(6,548)
Net carrying amount	53,932	1,920	2,027	57,879
At 1 April 2013, net of accumulated depreciation	53,932	1,920	2,027	57,879
Additions	10,854	136	65	11,055
Depreciation provided during the year	(1,677)	(677)	(1,093)	(3,447)
At 31 March 2014, net of accumulated depreciation	63,109	1,379	999	65,487
At 31 March 2014:				
Cost	65,047	3,755	6,536	75,338
Accumulated depreciation	(1,938)	(2,376)	(5,537)	(9,851)
Net carrying amount	63,109	1,379	999	65,487

At 31 March 2013 and 2014, one of the Group's land and buildings with a net carrying amount of approximately HK$51,926,000 and HK$50,421,000, respectively, was pledged to secure a bank loan granted to the Group (note 23).

The Group's land included in land and buildings is situated in Hong Kong and is held under a medium lease term.

16. PLEDGED DEPOSIT FOR A LIFE INSURANCE PRODUCT

During the year ended 31 March 2014, the Group entered into a life insurance policy with an insurance company to insure an executive director. Under this policy, the Group is the beneficiary and the policy holder. The Group is required to pay an upfront payment for the policy. The Group may request a partial surrender or full surrender of the policy at any time and receive cash based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated interest earned and minus insurance premium and policy expenses charged (the "Cash Value"). If such withdrawal is made at any time during the first to the eighteenth policy year, as appropriate, a pre-determined specified surrender charge would be imposed.

The insurance company will pay an interest of 4.2% per annum on the Cash Value of the policy for the first policy year. Commencing on the second policy year, the interest rate will be 2% plus a premium determined by the insurance company on an annual basis.

At the inception date, the upfront payment is separated into a prepayment of life insurance premium and a deposit. The prepayment of life insurance premium is amortised to profit or loss over the insured period and the deposit is carried at amortised cost using the effective interest method. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the insurance policy, excluding the financial effect of surrender charge.

The carrying amount of the life insurance product as at 31 March 2014 approximated to the Cash Value of the insurance policy, which is considered a close estimate to the fair value. The expected life of the policy remained unchanged from the initial recognition.

The fair value of the non-current portion of the pledged deposit is categorised within Level 3 of the fair value hierarchy and has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar credit terms, credit risk and remaining maturities.

The prepayment of life insurance premium of HK$20,000 is included in the current portion of prepayments, deposits and other receivables and an aggregate carrying amount of HK$5,983,000 was pledged as security for one of the Group's interest-bearing bank loans (note 23).

17. CONSTRUCTION, RENOVATION AND OTHER CONTRACTS

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Gross amount due from customers for contract works	34,959	55,581	57,588
Contract costs incurred plus recognised profits less recognised losses to date	473,479	1,138,615	705,883
Less: Progress billings	(438,520)	(1,083,034)	(648,295)
	34,959	55,581	57,588

18. ACCOUNTS RECEIVABLE

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Due from third parties	17,144	33,904	33,617
Due from related parties	15,897	12,661	21,795
	33,041	46,565	55,412

Accounts receivable represented receivables for contract works. The payment terms of receivables for contract works are stipulated in the relevant contracts and the receivables are usually due for settlement within 7 days after the customers receive interim payment from their project employers.

At 31 March 2012, 2013 and 2014, retentions receivable (including those classified under amounts due from related parties) included in accounts receivable amounted to HK$6,073,000, HK$14,520,000 and HK$16,111,000, respectively, which are repayable on terms ranging from two to three years.

The credit terms offered to the related parties are similar to those offered to other major independent customers of the Group.

The aging analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Past due but not impaired:			
One to three months past due	—	—	158
Four to six months past due	135	38	155
Over six months past due	635	1,649	2,380
	770	1,687	2,693
Neither past due nor impaired	32,271	44,878	52,719
	33,041	46,565	55,412

Accounts receivable that were past due but not impaired relate to a number of independent customers and a related party that have a good track record with the Group. Based on past experience, the directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancement over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers and related parties for whom there was no recent history of default.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Prepayments	1,798	953	246
Deposits and other receivables	8,090	3,663	159
Due from related parties *(note (a))*	11,600	11,154	8,151
	21,488	15,770	8,556
Impairment of an amount due from a related party *(note 9)*	—	—	(5,451)
	21,488	15,770	3,105

Notes:

(a) As at 31 March 2012, 2013 and 2014, the amounts due from related parties were unsecured, interest-free and have no fixed terms of repayment.

		As at 31 March			Maximum outstanding amount during the years ended 31 March		
		2012	2013	2014	2012	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from related parties							
Able E & M Engineering Company Limited ("Able E & M")	(i)	11,150	11,150	8,151	11,150	11,150	11,150
YWH Limited	(ii)	450	4	—	450	450	4
		11,600	11,154	8,151			

(i) Able E & M is jointly-controlled by a director of the Company and a shareholder which has joint control of the Company. The amount due from Able E & M as at 31 March 2014 related to an advance for a project made in 2012 and only HK$2,700,000 is expected to be recovered based on the assessment on the financial position of Able E & M as at 31 March 2014. Accordingly, an impairment of HK$5,451,000 was recognised during the year ended 31 March 2014.

(ii) YWH Limited is controlled by a director of the Company.

(b) Except for the amount due from Able E & M as at 31 March 2014, the above assets were neither past due nor impaired and relate to receivables for which there was no recent history of default.

20. CASH AND CASH EQUIVALENTS

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Cash and bank balances	28,809	22,920	96,491

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

21. ACCOUNTS PAYABLE

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Due to third parties	34,768	32,092	23,930
Due to related parties *(note)*	1,977	1,255	3,026
	36,745	33,347	26,956

Note: As at 31 March 2012, 2013 and 2014, the amounts were unsecured, interest-free and are normally settled on 60-day terms. The credit terms offered by the related parties are similar to those offered by other major independent suppliers of the Group.

An aging analysis of the accounts payable as at the end of each reporting period during the Track Record Period, based on the invoice date, is as follows:

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Current to 3 months	32,492	33,283	26,892
Over 6 months	4,253	64	64
	36,745	33,347	26,956

At 31 March 2012, 2013 and 2014, retentions payable included in accounts payable amounted to HK$321,000, HK$3,151,000 and HK$6,261,000, respectively, which are normally settled on terms ranging from two to three years.

Accounts payable are non-interest-bearing and are normally settled within three months. The payment terms are stipulated in the relevant contracts.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Accruals	2,110	2,894	3,492
Due to a related party *(note)*	—	20,000	—
	2,110	22,894	3,492

Note: The amount was due to YWH Limited, which was unsecured, interest-free and repaid during the year ended 31 March 2014.

23. INTEREST-BEARING BANK LOANS

Interest-bearing bank loans of the Group are repayable on demand and are analysed as follows:

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Interest-bearing bank loans — on demand, secured and at a floating interest rate	—	24,600	57,833

Notes:

(a) Certain of the Group's secured bank loans are secured by:

(i) an unlimited guarantee provided by a director as at 31 March 2013 and 2014;

(ii) an unlimited cross guarantee between an independent third party and the Group as at 31 March 2013;

(iii) an unlimited cross guarantee between a related company controlled by a director of the Company and the Group as at 31 March 2013;

(iv) a legal charge over a land and building of the Group with an aggregate carrying amount HK$51,926,000 and HK$50,421,000 as at 31 March 2013 and 2014, respectively; and

(v) a pledged deposit of a life insurance product with a carrying amount of HK$5,983,000 as at 31 March 2014.

(b) The interest-bearing bank loans are denominated in Hong Kong dollars.

(c) The interest rates of the Group's interest-bearing bank loans are primarily repriced every month based on the changes of HIBOR.

(d) The maturity profile of the loans as at 31 March 2013 and 2014, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause is as follows:

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Analysed into:			
Within one year	—	3,087	22,875
In the second year	—	3,032	11,774
In the third to fifth years, inclusive	—	8,880	17,080
After five years	—	12,028	9,232
	—	27,027	60,961

24. DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities during the Track Record Period are as follows:

	Depreciation allowance in excess of related depreciation *HK$'000*
At 1 April 2011	357
Deferred tax credited to profit or loss during the year *(note 12)*	(35)
At 31 March 2012 and 1 April 2012	322
Deferred tax credited to profit or loss during the year *(note 12)*	(1)
At 31 March 2013 and 1 April 2013	321
Deferred tax credited to profit or loss during the year *(note 12)*	(145)
At 31 March 2014	176

At 31 March 2012, 2013 and 2014, there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of a subsidiary now comprising the Group as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 May 2014 with authorised share capital of HK$370,000 divided into 37,000,000 shares of HK$0.01 each. On the date of incorporation, one ordinary share of HK$0.01 was allotted and issued by the Company to its then shareholder.

Further details are set out in the paragraph "Corporate Reorganisation" in the section headed "History and Reorganisation" in the Prospectus.

26. RESERVES

Group

The amounts of the Group's reserves and the movements therein for each reporting period during the Track Record Period are presented in the combined statements of changes in equity.

(a) Other reserve

Other reserve represented the aggregate issued paid-up capital of the subsidiaries comprising the Group.

27. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) During the year ended 31 March 2012, Fungs E & M declared and approved an interim dividend of HK$41,376,000, which was offset against the amounts due from related parties.

(b) During the year ended 31 March 2013, Fungs E & M acquired one of the land and buildings from YWH Limited with cash consideration of HK$50,000,000. The cash consideration (including transaction costs of HK$2,177,000) of HK$32,177,000 and HK$20,000,000 was settled during the year ended 31 March 2013 and 2014, respectively.

28. CONTINGENT LIABILITIES

(a) At 31 March 2012 and 2013, the guarantees given by the Group to a bank in respect of performance bonds in favour of certain contract customers amounted to HK$2,027,000 and HK$2,475,000, respectively.

(b) At 31 March 2012 and 2013, an unlimited cross guarantee has been given between the Group and an independent third party in favour of a bank in respect of banking facilities granted by the bank to this independent third party utilised to the extent of HK$2,738,000 and HK$7,584,000. All guarantees provided by or to the Group have been released as at 31 March 2014.

(c) At 31 March 2012 and 2013, an unlimited cross guarantee has been given between the Group and a related company controlled by a director of the Company in favour of a bank in respect of banking facilities granted by the bank to this related company utilised to the extent of HK$51,493,000 and HK$20,089,000. All guarantees provided by or to the Group have been released as at 31 March 2014.

(d) In the ordinary course of the Group's Building Services business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

29. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its property (note 15) under an operating lease arrangement, with a lease negotiated for a term of five years. The term of the lease generally also requires the tenant to pay security deposits and provides for periodic rent adjustments according to the then prevailing market conditions.

At the end of each reporting period during the Track Record Period, the Group had total future minimum lease receivable under a non-cancellable operating lease with its tenant falling due as follows:

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Within one year	—	—	480
In the second to fifth years, inclusive	—	—	1,440
	—	—	1,920

(b) As lessee

The Group leases its office property under an operating lease arrangement. The lease for the property is negotiated for a term of two years.

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

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Within one year	1,800	—	—
In the second to fifth years, inclusive	750	—	—
	2,550	—	—

30. RELATED PARTY TRANSACTIONS

During the Track Record Period, the Directors are of the view that related parties of the Group include the following companies:

Name of related party	Relationship with the Group
YWH Limited	An entity controlled by a director of the Company
Able E & M	An entity jointly-controlled by a director of the Company and a shareholder which has joint control of the Company
Central Illuminazione System Limited ("Central Illuminazione")	An entity under significant influence of a director of the Company
Able Engineering Company Limited ("Able Engineering")	An entity controlled by a shareholder which has joint control of the Company
Able Contracting Limited ("Able Contracting")	An entity controlled by a shareholder which has joint control of the Company
Able Contractors Limited ("Able Contractors")	An entity controlled by a shareholder which has joint control of the Company
Excel Engineering Company Limited ("Excel")	An entity controlled by a shareholder which has joint control of the Company
Lanon Development Limited ("Lanon Development")	An entity controlled by a family member of a shareholder which has joint control of the Company
Lanon Building Limited ("Lanon Building")	An entity controlled by a family member of a shareholder which has joint control of the Company

(a) In addition to the transactions and balances detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Track Record Period:

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Recurring:			
Contract revenue from related parties			
Able E & M	61,631	85,945	36,288
Able Engineering	10,523	47,144	56,033
Able Contracting	—	—	10,883
Able Contractors	—	2,429	1,286
Excel	—	—	1,492
Lanon Development	—	206	32,235
Lanon Building	—	—	23,998
Non-recurring:			
Unlimited corporate guarantee in respect of the Group's banking facilities provided by YWH Limited	14,300	16,300	—
Unlimited personal guarantee in respect of the Group's banking facilities provided by Mr. Fung Chi Wing	14,300	40,900	78,133
Subcontracting fee to Central Illuminazione	—	3,347	—
Purchase of land and building from YWH Limited	—	50,000	—
Rental expense to YWH Limited	2,765	1,500	—
Purchase of materials from Central Illuminazione	9,395	12,082	15,250
Disposal of motor vehicles to YWH Limited	450	—	—

The transactions were conducted on terms and conditions mutually agreed between the relevant parties.

(b) Outstanding balances with related parties

Other than balances with related parties disclosed elsewhere in the Financial Information, the Group had no outstanding balances with related parties as at the end of each reporting period during the Track Record Period.

(c) Compensation of key management personnel of the Group:

	Year ended 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Short term employee benefits	6,652	5,705	7,401
Pension scheme contributions	36	45	45
Total compensation paid to key management personnel	6,688	5,750	7,446

31. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 March 2012, 2013 and 2014, all the financial assets and liabilities of the Group were loans and receivables and financial liabilities at amortised cost, respectively.

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

Management has assessed that the fair values of the current portion of deposits, accounts receivable, other receivables, amounts due from and to related parties, cash and cash equivalents, accounts payable, other payables and interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

During the years ended 31 March 2012, 2013 and 2014, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include interest-bearing bank loans, accounts and other receivables, deposits, accounts and other payables, accruals of costs for contract works, and cash and cash equivalents. Details of these financial instruments are disclosed in the respective notes to the Financial Information.

The Group's ordinary activities expose it to various financial risks, including interest rate risk, credit risk and liquidity risk. The risks associated with financial instruments and the policies on how to mitigate these risks are described below. Management monitors closely the Group's exposures to financial risks to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

At 31 March 2012, 2013 and 2014, it is estimated that an increase/decrease of 25 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by Nil, HK$51,000 and HK$121,000, respectively, arising as a result of higher/lower interest expense on the Group's floating-rate borrowings. There would be no impact on other components of the Group's equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each reporting period during the Track Record Period. For the purposes of the analysis, it is assumed that the amount of variable-rate borrowings outstanding at the end of each reporting period during the Track Record Period was outstanding throughout the whole year. The 25 basis point increase or decrease represents management assessment of a reasonably possible change in interest rates over the period until the reporting date of the next financial year.

Credit risk

The Group's credit risk is primarily attributable to bank balances, and accounts and other receivables. The Group's maximum credit risk exposure at 31 March 2012, 2013 and 2014 in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in the combined statements of financial position.

Management monitors the creditworthiness and payment patterns of each debtor closely and on an ongoing basis. The Group's accounts receivable from contract works represent interim payments or retentions certified by the customers under the terms as stipulated in the contracts and the Group does not hold any collateral over these receivables. As the project employers in respect of the Group's contract works primarily consist of government departments and developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract works is not significant.

At 31 March 2012, 2013 and 2014, the Group had certain concentrations of credit risk as 33%, 22% and 24% of the total accounts receivable were due from the Group's largest external customer and 80%, 87% and 68% of the total accounts receivable were due from the Group's five largest external customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts and other receivables are disclosed in notes 18 and 19, respectively, to the Financial Information.

Liquidity risk

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

The following table details the remaining contractual maturities at the end of each reporting period during the Track Record Period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates as at the end of each reporting period during the Track Record Period) and the earliest date that the Group could be required to repay:

	Within 1 year or on demand *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Total *HK$'000*
As at 31 March 2012				
Accounts payable	36,424	106	215	36,745
Accruals of costs for contract works	24,710	—	—	24,710
Guarantees given to a bank in connection with facilities granted to an independent third party	2,738	—	—	2,738
Guarantees given to a bank in connection with facilities granted to a related party	51,493	—	—	51,493
	115,365	106	215	115,686
As at 31 March 2013				
Accounts payable	30,774	1,643	930	33,347
Accruals of costs for contract works	14,455	—	—	14,455
Due to a related party included in other payables and accruals *(note 22)*	20,000	—	—	20,000
Interest-bearing bank loans	24,600	—	—	24,600
Guarantees given to a bank in connection with facilities granted to an independent third party	7,584	—	—	7,584
Guarantees given to a bank in connection with facilities granted to a related party	20,089	—	—	20,089
	117,502	1,643	930	120,075
As at 31 March 2014				
Accounts payable	21,428	5,424	104	26,956
Accruals of costs for contract works	48,707	—	—	48,707
Interest-bearing bank loans	57,833	—	—	57,833
	127,968	5,424	104	133,496

Capital management

The primary objective of the Group's capital management policy is to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors review the capital structure on a periodical basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital and will balance the Group's overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a gearing ratio, which is interest-bearing bank loans divided by the total equity. Total equity refers to equity attributable to owners of the parent. The gearing ratios as at the end of each reporting period during the Track Record Period were as follows:

	As at 31 March		
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Interest-bearing bank loans	—	24,600	57,833
Equity attributable to owners of the parent	53,536	94,227	139,505
Gearing ratio *(%)*	N/A	26.1	41.5

III. EVENTS AFTER THE TRACK RECORD PERIOD

a) On 22 September 2014, the companies now comprising the Group completed the Reorganisation in preparation for the listing of the Company's shares on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "History and Corporate Structure" in the Prospectus.

b) On 13 August 2014, the Group entered into a provisional sale and purchase agreement with an independent third party to purchase a land and building at a consideration of HK$4,130,000.

c) Subsequent to the Track Record Period, on 8 September 2014, Fungs E & M declared and approved an interim dividend of HK$36,000,000 to its then shareholder for the year ending 31 March 2015.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 31 March 2014.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included in this prospectus for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the combined net tangible assets of the Group attributable to owners of our Company as if the Share Offer had taken place on 31 March 2014. This unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Share Offer been completed as at 31 March 2014 or any future dates:

	Combined net tangible assets attributable to owners of our Company as at 31 March 2014 *HK$'000 (Note 1)*	**Estimated net proceeds from the Share Offer** *HK$'000 (Note 2)*	**Unaudited pro forma adjusted combined net tangible assets** *HK$'000*	**Unaudited pro forma adjusted combined net tangible assets per Share** *HK$ (Notes 3 and 4)*
Based on an Offer Price of HK$0.70 per Share	139,505	53,933	193,438	0.484
Based on an Offer Price of HK$1.10 per Share	139,505	93,383	232,888	0.582

Notes:

1. The combined net tangible assets attributable to owners of our Company as at 31 March 2014 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK$0.70 and HK$1.10 per Share, after deduction of the underwriting fees and other estimated expenses payable by the Group in connection with the Share Offer.

3. The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 400,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue without taking into account of any Shares which may be issued upon exercise of the Offer Size Adjustment Option or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.

4. The unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company does not take into account an interim dividend of HK$36,000,000 declared and approved by Fungs E & M on 8 September 2014. Such dividend is expected to be paid in December 2014. Had the interim dividend been taken into account, our unaudited pro forma adjusted combined net tangible assets per Shares would be HK$0.394 (assuming an Offer Price of HK$0.70 per Share) and HK$0.492 (assuming an Offer Price of HK$1.10 per Share), respectively.

5. Except for those mentioned above, no adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2014.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus, in respect of the Group's pro forma financial information.

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

30 September 2014

The Directors
Nga Chun Holdings Company Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Nga Chun Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 31 March 2014 and related notes as set out on Section A of Appendix II to the prospectus of the Company (the "Prospectus") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in note 2 to note 5.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the public offer and placing of shares of the Company on the Group's financial position as at 31 March 2014 as if the transaction had taken place at 31 March 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 March 2014, on which an accountants' report has been published.

DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the public offer and placing of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificate received from International Valuation Limited, an independent valuer, in connection with its valuation as at 30 June 2014 of certain property interests of the Group in Hong Kong Special Administrative Region.

Room 2105, 21/F
Office Tower, Langham Place
8 Argyle Street
Mongkok, Kowloon
Hong Kong

International Valuation Limited
國際評估有限公司

Date: 30 September 2014

The Board of Directors
Nga Chun Holdings Company Limited
Unit B on 10th Floor,
Summit Building,
No. 30 Man Yue Street & Nos. 21 & 23 Tai Wan Road,
Hung Hom, Kowloon,
Hong Kong Special Administrative Region

Dear Sirs,

INSTRUCTIONS

In accordance with the instructions to us to value the property interests held by Nga Chun Holdings Company Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in Hong Kong Special Administrative Region ("Hong Kong") (details of the property interests are more particularly listed in the Summary of Values of this report), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at 30 June 2014 (the "valuation date").

PREMISES OF VALUE

The valuation is our opinion of market value which is defined by the International Valuation Standards of the International Valuation Standards Council and followed by the Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

BASIS OF VALUATION

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

In valuing properties in Hong Kong, the Government Leases of which expired before 30 June 1997, we have taken account of the statement contained in Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases had been extended without premium until 30 June 2047 and that a revised annual rent equivalent to 3% of the rateable value for the time being will be charged from the date of extension.

CATEGORISATION OF PROPERTY INTERESTS

In the course of our valuation, the appraised property interests has been categorised according firstly to type of interests held by the Company and then country where it is located, which in turn being classified into the below groups:

— Property interests owned and occupied by the Group in the Hong Kong

VALUATION METHODOLOGY

The properties were owner-occupied by the Group as at the valuation date. We have valued them by market approach, using direct comparison method, assuming sale of the property interests in their existing state with the immediate benefit of vacant possession and by making reference to respective comparable sale transactions in the proximity. Adjustments have been made for the differences in time, building age, size, level, reinstatement costs (if applicable)..... etc between the comparable properties and the properties.

TITLE INVESTIGATION

We have not been provided with copy of the title documents relating to the properties but have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendment. All documents have been used for reference only.

SITE INVESTIGATION

We have inspected the exterior and, where possible, the accessible portions of the interior of the properties being appraised. However, we have not been commissioned to carry out structural survey or to arrange for an inspection of the services. We are, therefore, not able to report whether the properties are free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the properties taking into account the general appearance, the apparent standard and age of fixtures and fittings and the existence of utility services. Hence it must be stressed that we have had regard to you with a view as to whether the buildings are free from defects or as to the possibility of latent defects which might affect our valuation. In the course of our inspection, we did not note any serious defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash, or any other deleterious material has been used in the construction of the properties. We are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that deleterious material has not been used in the construction of the properties.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the properties or on adjoining or neighbouring land or that the properties had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have not investigated any industrial safety, environmental and health related regulations in association with the existing and/or planned manufacturing process. It is assumed that all necessary licences, procedures and measures were implemented in accordance with the Government legislation and guidance.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by you or your legal or other professional advisers on such matters as statutory notices, planning approval, zoning, easements, tenure, completion date of building, development proposal, identification of property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancy and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate, unless otherwise stated, are based on information contained in the documents provided to us and are therefore approximations and for reference only. We have not searched original plans, developer brochures and the like to verify them. Moreover, we have not been commissioned

to carry out detailed site measurements to verify the correctness of the land or building areas in respect of the properties but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar properties, we consider the assumptions so made to be reasonable.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

VALUATION ASSUMPTIONS

Unless otherwise stated, we have assumed that the design and construction of the properties are in compliance with the local planning regulations and requirements and had been duly examined and approved by the relevant authorities.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date. The properties can be sold freely to both local and overseas purchasers. We have also assumed that there was not any material change of the property in between date of our inspection and the valuation date.

We have not undertaken a survey to determine whether the mechanical and electrical systems within the properties (or the building(s) or development(s) in which they are located) will be adversely affected on or after the year 2000 and as such have assumed that the properties and those systems are or will be unaffected.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

LIMITING CONDITIONS

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollars (HK$).

Our valuations are summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
International Valuation Limited
Sr K L Yuen *MRICS MHKIS*
Registered Professional Surveyor
(General Practice)
General Manager — Real Estate

Note: Mr. K L Yuen is a Chartered Valuation Surveyor and a Registered Professional Surveyor (General Practice), who has more than 15 years' experience in the valuation of properties in Hong Kong, the PRC and the South East Asia. Mr. K L Yuen is also a 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 published by the HKIS.

SUMMARY OF VALUES

Property interests owned and occupied by the Group in Hong Kong

	Property	Capital value in existing state as at 30 June 2014	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 30 June 2014
				HK$
1.	Unit B on 10th Floor Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong	55,100,000	100%	55,100,000
2.	Private Car Park Nos. 10, 14, 21 and 22 on Basement Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong	3,400,000	100%	3,400,000
3.	Private Car Park No. 53 on Basement Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong	850,000	100%	850,000
4.	Private Car Park Nos. 64 and 65 on Basement Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong	1,700,000	100%	1,700,000
5.	Lorry Car Parking Space Nos. 8, 9 and 10 on 1st Floor Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong	5,100,000	100%	5,100,000

	Property	Capital value in existing state as at 30 June 2014	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 30 June 2014
				HK$
6.	Lorry Parking Space No. L1 on Ground Floor Kaiser Estate 2nd Phase Nos. 47–53 Man Yue Street and Nos. 20–28 Man Lok Street Hung Hom Kowloon Hong Kong	2,300,000	100%	2,300,000
	Total:	68,450,000	Total:	68,450,000

VALUATION CERTIFICATE

Property interests owned and occupied by the Group in Hong Kong

	Property	Description and tenure	Particular of occupancy	Capital value in existing state as at 30 June 2014 *HK$*
1.	Unit B on 10th Floor Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong 15098/435384th equal undivided shares of and in Sections A & B of Sub-section 1 and the whole of Sub-sections 2 & 3 of Section F and The Remaining Portion of Section G of Kowloon Marine Lot No. 40	The property comprises an industrial unit on 10th Floor of a 13-storey industrial building built over one level of basement carport. The building was completed in about 1976. As scaling off the approved building plan, the property extends to an approximate saleable area of 12,541 sq.ft. (1,165.09 sq.m.). The Property is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 15 September 1897. New rent payable under Crown Leases Ordinance is HK$3,456 per annum commencing from 1 March 1977.	We have been informed that as at the valuation date, the property was owner-occupied for ancillary office, workshop and storage purposes.	55,100,000 *(100% interest attributable to the Group: 55,100,000)*

Notes:

Ownership of the property

1. According to the records obtained from the Hong Kong Land Registry, the registered owner of the property as at the valuation date, was Fungs E & M Engineering Company Limited.

Interests held by the Company in the property

2. As at the valuation date, Fungs E & M Engineering Company Limited held a legal title to the property via an assignment dated 23 January 2013 vide Memorial No. 13022002040161 for a consideration of HK$50,000,000.

3. We have been advised that Fungs E & M Engineering Company Limited is a wholly-owned subsidiary of the Company.

Material Encumbrances

4. According to the records obtained from the Hong Kong Land Registry, the property was subject to the following material encumbrances as at the valuation date:

   — Letter issued by the Town Planning Board, Town Planning Office, Public Works Department, Hong Kong dated 18 May 1976 vide Memorial No. UB1322933.

   — Occupation Permit No. K93/76 dated 24 November 1976 vide Memorial No. UB1322934.

   — Deed of Mutual Covenant dated 29 November 1976 vide Memorial No. UB1328438.

   — Management Agreement in favour of Goodyear Property Management Limited "The Property Manager" dated 29 November 1976 vide Memorial No. UB1328439.

   — Re-registration of Deed of Mutual Covenant Memorial No. UB1328438 dated 29 November 1976 vide Memorial No. UB2062751.

   — Memorandum on Change of Name dated 24 August 1989 vide Memorial No. UB4179324. Remarks: of "Summit Building" to "Summit Building" (Re The Chinese Name)

   — Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited dated 23 January 2013 vide Memorial No. 13022002040178.

Land Use Zoning of the property

5. As at the valuation date, the building fell within an area zoned for "Other Specified Uses (Business)" on Hung Hom Outline Zoning Plan No. S/K9/24 dated 15 October 2010.

Inspection of the property

6. The property was last inspected by Sr K L Yuen, *MRICS MHKIS RPS(GP)* on 19 May 2014.

	Property	Description and tenure	Particular of occupancy	Capital value in existing state as at 30 June 2014 *HK$*
2.	Private Car Park Nos. 10, 14, 21 and 22 on Basement Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong 1720/435384th equal undivided shares of and in Sections A & B of Sub-section 1 and the whole of Sub-sections 2 & 3 of Section F and The Remaining Portion of Section G of Kowloon Marine Lot No. 40	The property comprises 4 private car parking spaces at Basement of a 13-storey industrial building built over one level of basement carport. The building was completed in about 1976. As scaling off the approved building plan, the property extends to an approximate total saleable area of 512 sq.ft. (47.57 sq.m.). The Property is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 15 September 1897. New rent payable under Crown Leases Ordinance is HK$72 per annum commencing from 1 July 1977.	We have been informed that as at the valuation date, the property was owner-occupied for car parking purposes.	3,400,000 *(100% interest attributable to the Group: 3,400,000)*

Notes:

Ownership of the property

1. According to the records obtained from the Hong Kong Land Registry, the registered owner of the property as at the valuation date, was Fungs E & M Engineering Company Limited.

Interests held by the Company in the property

2. As at the valuation date, Fungs E & M Engineering Company Limited held a legal title to the property via an assignment dated 6 January 2014 vide Memorial No. 14012401940048 for a consideration of HK$3,200,000.

3. We have been advised that Fungs E & M Engineering Company Limited is a wholly-owned subsidiary of the Company.

Material Encumbrances

4. According to the records obtained from the Hong Kong Land Registry, the property was subject to the following material encumbrances as at the valuation date:

   — Letter issued by the Town Planning Board, Town Planning Office, Public Works Department, Hong Kong dated 18 May 1976 vide Memorial No. UB1322933.

   — Occupation Permit No. K93/76 dated 24 November 1976 vide Memorial No. UB1322934.

   — Deed of Mutual Covenant dated 29 November 1976 vide Memorial No. UB1328438.

   — Management Agreement in favour of Goodyear Property Management Limited "The Property Manager" dated 29 November 1976 vide Memorial No. UB1328439.

   — Re-registration of Deed of Mutual Covenant Memorial No. UB1328438 dated 29 November 1976 vide Memorial No. UB2062751.

   — Memorandum on Change of Name dated 24 August 1989 vide Memorial No. UB4179324. Remarks: of "Summit Building" to "Summit Building" (Re The Chinese Name)

Land Use Zoning of the property

5. As at the valuation date, the building fell within an area zoned for "Other Specified Uses (Business)" on Hung Hom Outline Zoning Plan No. S/K9/24 dated 15 October 2010.

Inspection of the property

6. The property was last inspected by Sr K L Yuen, *MRICS MHKIS RPS(GP)* on 19 May 2014.

	Property	Description and tenure	Particular of occupancy	Capital value in existing state as at 30 June 2014 *HK$*
3.	Private Car Park No. 53 on Basement Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong 430/435384th equal undivided shares of and in Sections A & B of Sub-section 1 and the whole of Sub-sections 2 & 3 of Section F and The Remaining Portion of Section G of Kowloon Marine Lot No. 40	The property comprises 1 private car parking space at Basement of a 13-storey industrial building built over one level of basement carport. The building was completed in about 1976. As scaling off the approved building plan, the property extends to an approximate saleable area of 125 sq.ft. (11.61 sq.m.). The Property is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 15 September 1897. New rent payable under Crown Leases Ordinance is HK$72 per annum commencing from 1 July 1977.	We have been informed that as at the valuation date, the property was owner-occupied for car parking purposes.	850,000 *(100% interest attributable to the Group: 850,000)*

Notes:

Ownership of the property

1. According to the records obtained from the Hong Kong Land Registry, the registered owner of the property as at the valuation date, was Fungs E & M Engineering Company Limited.

Interests held by the Company in the property

2. As at the valuation date, Fungs E & M Engineering Company Limited held a legal title to the property via an assignment dated 30 September 2013 vide Memorial No. 13101701530044 for a consideration of HK$770,000.

3. We have been advised that Fungs E & M Engineering Company Limited is a wholly-owned subsidiary of the Company.

Material Encumbrances

4. According to the records obtained from the Hong Kong Land Registry, the property was subject to the following material encumbrances as at the valuation date:

   — Letter issued by the Town Planning Board, Town Planning Office, Public Works Department, Hong Kong dated 18 May 1976 vide Memorial No. UB1322933.

   — Occupation Permit No. K93/76 dated 24 November 1976 vide Memorial No. UB1322934.

   — Deed of Mutual Covenant dated 29 November 1976 vide Memorial No. UB1328438.

   — Management Agreement in favour of Goodyear Property Management Limited "The Property Manager" dated 29 November 1976 vide Memorial No. UB1328439.

   — Re-registration of Deed of Mutual Covenant Memorial No. UB1328438 dated 29 November 1976 vide Memorial No. UB2062751.

   — Memorandum on Change of Name dated 24 August 1989 vide Memorial No. UB4179324. Remarks: of "Summit Building" to "Summit Building" (Re The Chinese Name)

Land Use Zoning of the property

5. As at the valuation date, the building fell within an area zoned for "Other Specified Uses (Business)" on Hung Hom Outline Zoning Plan No. S/K9/24 dated 15 October 2010.

Inspection of the property

6. The property was last inspected by Sr K L Yuen, *MRICS MHKIS RPS(GP)* on 19 May 2014.

	Property	Description and tenure	Particular of occupancy	Capital value in existing state as at 30 June 2014 *HK$*
4.	Private Car Park Nos. 64 and 65 on Basement Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong 860/435384th equal undivided shares of and in Sections A & B of Sub-section 1 and the whole of Sub-sections 2 & 3 of Section F and The Remaining Portion of Section G of Kowloon Marine Lot No. 40	The property comprises 2 private car parking spaces at Basement of a 13-storey industrial building built over one level of basement carport. The building was completed in about 1976. As scaling off the approved building plan, the property extends to an approximate total saleable area of 251 sq.ft. (23.32 sq.m.). The Property is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 15 September 1897. New rent payable under Crown Leases Ordinance is HK$44 per annum commencing from 1 April 1977.	We have been informed that as at the valuation date, the property was owner-occupied for car parking purposes.	1,700,000 *(100% interest attributable to the Group: 1,700,000)*

Notes:

Ownership of the property

1. According to the records obtained from the Hong Kong Land Registry, the registered owner of the property as at the valuation date, was Fungs E & M Engineering Company Limited.

Interests held by the Company in the property

2. As at the valuation date, Fungs E & M Engineering Company Limited held a legal title to the property via an assignment dated 6 January 2014 vide Memorial No. 14012401940025 for a consideration of HK$1,600,000.

3. We have been advised that Fungs E & M Engineering Company Limited is a wholly-owned subsidiary of the Company.

Material Encumbrances

4. According to the records obtained from the Hong Kong Land Registry, the property was subject to the following material encumbrances as at the valuation date:

   — Letter issued by the Town Planning Board, Town Planning Office, Public Works Department, Hong Kong dated 18 May 1976 vide Memorial No. UB1322933.

   — Occupation Permit No. K93/76 dated 24 November 1976 vide Memorial No. UB1322934.

   — Deed of Mutual Covenant dated 29 November 1976 vide Memorial No. UB1328438.

   — Management Agreement in favour of Goodyear Property Management Limited "The Property Manager" dated 29 November 1976 vide Memorial No. UB1328439.

   — Re-registration of Deed of Mutual Covenant Memorial No. UB1328438 dated 29 November 1976 vide Memorial No. UB2062751.

   — Memorandum on Change of Name dated 24 August 1989 vide Memorial No. UB4179324. Remarks: of "Summit Building" to "Summit Building" (Re The Chinese Name)

Land Use Zoning of the property

5. As at the valuation date, the building fell within an area zoned for "Other Specified Uses (Business)" on Hung Hom Outline Zoning Plan No. S/K9/24 dated 15 October 2010.

Inspection of the property

6. The property was last inspected by Sr K L Yuen, *MRICS MHKIS RPS(GP)* on 19 May 2014.

	Property	Description and tenure	Particular of occupancy	Capital value in existing state as at 30 June 2014 *HK$*
5.	Lorry Car Parking Space Nos. 8, 9 and 10 on 1st Floor Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong 1784/435384th equal undivided shares of and in Sections A & B of Sub-section 1 and the whole of Sub-sections 2 & 3 of Section F and The Remaining Portion of Section G of Kowloon Marine Lot No. 40	The property comprises 3 lorry car parking spaces on 1st Floor of a 13-storey industrial building built over one level of basement carport. The building was completed in about 1976. As scaling off the approved building plan, the property extends to an approximate total saleable area of 595 sq.ft. (55.28 sq.m.). The Property is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 15 September 1897. New rent payable under Crown Leases Ordinance is HK$54 per annum commencing from 1 April 1977.	We have been informed that as at the valuation date, the property was owner-occupied for car parking purposes.	5,100,000 *(100% interest attributable to the Group: 5,100,000)*

Notes:

Ownership of the property

1. According to the records obtained from the Hong Kong Land Registry, the registered owner of the property as at the valuation date, was Fungs E & M Engineering Company Limited.

Interests held by the Company in the property

2. As at the valuation date, Fungs E & M Engineering Company Limited held a legal title to the property via an assignment dated 22 November 2013 vide Memorial No. 13120601600079 for a consideration of HK$4,800,000.

3. We have been advised that Fungs E & M Engineering Company Limited is a wholly-owned subsidiary of the Company.

Material Encumbrances

4. According to the records obtained from the Hong Kong Land Registry, the property was subject to the following material encumbrances as at the valuation date:

   — Letter issued by the Town Planning Board, Town Planning Office, Public Works Department, Hong Kong dated 18 May 1976 vide Memorial No. UB1322933.

   — Occupation Permit No. K93/76 dated 24 November 1976 vide Memorial No. UB1322934.

   — Deed of Mutual Covenant dated 29 November 1976 vide Memorial No. UB1328438.

   — Management Agreement in favour of Goodyear Property Management Limited "The Property Manager" dated 29 November 1976 vide Memorial No. UB1328439.

   — Re-registration of Deed of Mutual Covenant Memorial No. UB1328438 dated 29 November 1976 vide Memorial No. UB2062751.

   — Memorandum on Change of Name dated 24 August 1989 vide Memorial No. UB4179324. Remarks: of "Summit Building" to "Summit Building" (Re The Chinese Name)

Land Use Zoning of the property

5. As at the valuation date, the building fell within an area zoned for "Other Specified Uses (Business)" on Hung Hom Outline Zoning Plan No. S/K9/24 dated 15 October 2010.

Inspection of the property

6. The property was last inspected by Sr K L Yuen, *MRICS MHKIS RPS(GP)* on 19 May 2014.

	Property	Description and tenure	Particular of occupancy	Capital value in existing state as at 30 June 2014 *HK$*
6.	Lorry Parking Space No. L1 on Ground Floor Kaiser Estate 2nd Phase Nos. 47–53 Man Yue Street and Nos. 20–28 Man Lok Street Hung Hom Kowloon Hong Kong 3/5000th equal undivided shares of and in The Remaining Portion of Section H of Kowloon Marine Lot No. 40	The property comprises 1 lorry car parking space on Ground Floor of a 14-storey industrial building built over one level of basement carport. The building was completed in about 1978. As scaling off the approved building plan, the property extends to an approximate saleable area of 197 sq.ft. (18.30 sq.m.). The Property is held under Government Lease for a term of 75 years renewable for another 75 years commencing from 15 September 1897. New rent payable under Crown Leases Ordinance is HK$108 per annum commencing from 1 August 1979.	We have been informed that as at the valuation date, the property was owner-occupied for car parking purposes.	2,300,000 *(100% interest attributable to the Group: 2,300,000)*

Notes:

Ownership of the property

1. According to the records obtained from the Hong Kong Land Registry, the registered owner of the property as at the valuation date, was Fungs E & M Engineering Company Limited.

Interests held by the Company in the property

2. As at the valuation date, Fungs E & M Engineering Company Limited held a legal title to the property via an assignment dated 6 February 2013 vide Memorial No. 13030501870173 for a consideration of HK$2,000,000.

3. We have been advised that Fungs E & M Engineering Company Limited is a wholly-owned subsidiary of the Company.

Material Encumbrances

4. According to the records obtained from the Hong Kong Land Registry, the property was subject to the following material encumbrances as at the valuation date:

   — Deed of Mutual Covenant with Plans dated 3 January 1979 vide Memorial No. UB1674017.

   — Notice of Resumption (G.N. 4397 Dated 15.12.86) with Plan dated 15 December 1986 vide Memorial No. UB3259352.
   Remarks: Under Roads (Works, Use and Compensation) Ordinance

   — Deed Poll with Plans dated 13 November 2004 vide Memorial No. UB9385924.

Land Use Zoning of the property

5. As at the valuation date, the building fell within an area zoned for "Other Specified Uses (Business)" on Hung Hom Outline Zoning Plan No. S/K9/24 dated 15 October 2010.

Inspection of the property

6. The property was last inspected by Sr K L Yuen, *MRICS MHKIS RPS(GP)* on 19 May 2014.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 May 2014 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 22 September 2014 and effective from the Listing Date. 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) Share certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of

them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares 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 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 associate(s) 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 generally accorded to the employees to which such scheme or fund relates; or

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares 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.

(vi) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion 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 has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) 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 (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board 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.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(cc) if, 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) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;

(gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

(hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarized above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at

the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Cayman Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution — majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is 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 members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every

member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

(i) the chairman of the meeting; or

(ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution 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 member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles),

and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarized financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed 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;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Cayman Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Cayman 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 requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or

at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to

be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the 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, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(t) 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 shall be 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, then 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 shall be 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, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets 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 and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

(i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and

(iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 21 May 2014 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, 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 authorized share capital.

(b) Share capital

In accordance with the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman 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 such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Cayman Companies Law provides that 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.

It is further provided by the Cayman Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorized by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Cayman Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy 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

With the exception of sections 34 and 37A(7) of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

(i) an act which is ultra vires the company or illegal;

(ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and

(iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Cayman Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that 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 interest 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

Section 59 of the Cayman Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to 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.

Section 59 of the Cayman Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information

Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 10 June 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Cayman Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Cayman Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company 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.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorized 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.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI. 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.

1. FURTHER INFORMATION ABOUT OUR COMPANY

(i) Incorporation

We were incorporated on 21 May 2014 in the Cayman Islands as an exempted company with limited liability under the Companies Law. We have established a principal place of business in Hong Kong at Unit B, 10/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong and registered on 4 July 2014 with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance. Mr. Kung Hei Ning, our company secretary 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. The address for service of process on our Company in Hong Kong is the same as its registered place of business in Hong Kong.

As we are incorporated in the Cayman Islands, our corporate structure, Memorandum of Association and Articles of Association are subject to the laws of the Cayman Islands. A summary of our constitution and relevant aspects of the Companies Law is set out in Appendix IV in this prospectus.

(ii) Changes in our Share Capital

(a) On the date of our incorporation on 21 May 2014, our authorised share capital was HK$370,000 divided into 37,000,000 Shares, each of HK$0.01 par value. On the same day, 1 fully paid Share was allotted and issued to Reid Services Limited. Immediately upon completion of the above issue of Share, our Company had an issued share capital of HK$0.01 of 1 Share.

(b) On 13 June 2014, Reid Services Limited transferred the 1 Share in our Company to Team Great at par value.

(c) On 22 September 2014, Team Great as vendor and warrantor transferred all of its shares in Fungs E & M to Master Grand in consideration of which our Company, being the holding company of Master Grand and the legal and beneficial owner of the entire issued share capital of Master Grand, allotted and issued 999,999 Shares, credited as fully paid, to Team Great, the details of which are set out in the paragraph headed "History and Reorganisation — Transfer of shares in Fungs E & M to Master Grand". Upon completion of the above allotment and issue of Shares, our Company had an issued share capital of HK$10,000 divided into 1,000,000 Shares.

(d) Pursuant to the resolutions in writing of our sole Shareholder passed on 22 September 2014, the authorised share capital of our Company was increased from HK$370,000 divided into 37,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 963,000,000 new Shares.

As of the Latest Practicable Date, our Company had an authorised share capital of HK$10,000,000, divided into 1,000,000,000 Shares, and an issued share capital of HK$10,000, divided into 1,000,000 Share, all fully paid or credited as fully paid.

(iii) Share Capital after the Share Offer and the Capitalisation Issue

Immediately following the completion of the Share Offer and the Capitalisation Issue but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and ths Share Option Scheme, the issued share capital of our Company will be HK$4,000,000 divided into 400,000,000 Shares, all fully paid or credited as fully paid, and 600,000,000 Shares will remain unissued.

Other than the exercise of the Offer Size Adjustment Option, the exercise of any options which may be granted under the Share Option Scheme or the exercise of the general mandate to issue Shares referred to in the paragraph headed "Further information about our Company — Written resolutions of our sole Shareholder passed on 22 September 2014" in this section, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this Appendix and the section headed "History and Reorganisation" in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

(iv) Written Resolutions of our sole Shareholder passed on 22 September 2014

Pursuant to the resolutions in writing passed by our sole Shareholder on 22 September 2014:

(i) our Company increased its authorised share capital from HK$370,000 divided into 37,000,000 Shares of par value HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 Shares of par value HK$0.01 each by the creation of an additional 963,000,000 new Shares of par value HK$0.01 each, and such additional Shares to rank pari passu in all respects with the existing Shares;

(ii) our Company approved and adopted the amended and restated Memorandum and Articles of Association to take effect on the Listing Date;

(iii) conditional on the conditions as set out in the paragraph headed "Structure and Conditions of the Share Offer — Conditions of the Share Offer" of this prospectus being fulfilled or waived:

(a) the Share Offer and the Offer Size Adjustment Option were approved and our Directors were authorised to allot and issue the Offer Shares and the Shares which may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option pursuant to the terms set out in this prospectus;

(b) following the increase in the authorised share capital of our Company as set out in (i) above and conditional upon the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company under the Share Offer, our Directors were authorised to allot and issue a total of 299,000,000 Shares credited as fully paid at par to the sole shareholder whose name appears on the register of members of our Company at the close of business on 22 September 2014 (or another date as the Directors may direct) by way of capitalisation of the sum of HK$2,990,000 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;

(c) the Share Option Scheme be approved and adopted and our Directors be 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.

(iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal in Shares with an aggregate nominal value of not more than the sum of 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may be issued pursuant to any exercise of the Offer Size Adjustment Option or the options to be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of our Company's next annual general meeting or the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws or the Articles of Association, or it is varied or revoked by an ordinary resolution of our Shareholders at general meeting, whichever is the earliest;

(v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), such number of Shares as will represent up to 10% of the aggregate nominal value

of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may be issued pursuant to any exercise of the Offer Size Adjustment Option or the options to be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of our Company's next annual general meeting, or the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws or the Articles of Association, or it is varied or revoked by an ordinary resolution of our Shareholders at general meeting, whichever is the earliest; and

(vi) the general mandate mentioned in paragraph (iv) above be extended by the addition to the aggregate nominal value of the share capital of our Company 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 aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or the options to be granted under the Share Option Scheme).

2. OUR PRINCIPAL SUBSIDIARIES

The particulars of our principal subsidiaries are provided in the Accountants' Report, the text of which is set out in Appendix I in this prospectus.

3. CHANGES IN THE SHARE CAPITAL OF OUR SUBSIDIARIES

Save as disclosed in the paragraph headed "History and Reorganisation — Corporate Reorganisation" of this prospectus, there has been no alterations in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. SHARE REPURCHASE MANDATE

This section includes information relating to the repurchase by our Company of the Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

A. Relevant Legal and Regulatory Requirements

The Listing Rules permit a company whose primary listing is on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions passed by our sole Shareholder on 22 September 2014, a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose) such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding any Shares which may be issued pursuant to any exercise of the Offer Size Adjustment Option or the options to be granted under the Share Option Scheme), such mandate to remain in effect until (i) the conclusion of our Company's next annual general meeting, or (ii) the expiration of the period within which our Company's next annual general meeting of our Company is required to be held by any applicable laws or the Articles of Association, or (iii) it is varied or revoked by an ordinary resolution of our Shareholders at general meeting, whichever is the earliest (the "**Relevant Period**").

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association of our Company, the Listing Rules and the applicable 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 from time to time. Subject to the foregoing, such repurchases by our Company may only be made out of our Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of Shares made for the purpose of the repurchase. Any amount of premium payable on a purchase over the par value of the Shares to be purchased must have been provided for out of the funds of our Company which would otherwise be available for dividend or distribution or from sums standing to the credit of our Company's share premium account.

(iii) Trading Restrictions

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Suspension of Repurchase

Pursuant to the Listing Rules, a listed company may not make any repurchases of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required by the Listing Rules); and (b) the deadline for a listed company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange unless the circumstances are exceptional.

(v) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vi) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person" (as defined in the Listing Rules) and a core connected person is prohibited from knowingly selling his securities to the company on the Stock Exchange.

B. Reasons for Repurchases

Our Directors believe that it is in our Company's and our Shareholders' best interests for our Directors to have general authority from the Shareholders to enable our Company to execute repurchases of the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made where our Directors believe that such repurchases will benefit us and our Shareholders.

C. Funding of Repurchases

In repurchasing securities, a listed company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account our Company's current working capital position, our Directors consider that, if the repurchase mandate were to be exercised in full, there might have a material adverse effect on our Company's working capital and/or our Company's gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the gearing position which in the opinion of our Directors are from time to time appropriate for our Company.

D. General

Exercise in full of the current repurchase mandate, on the basis of 400,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue and assuming the Offer Size Adjustment Option is not exercised, could accordingly result in up to approximately 40,000,000 Shares being repurchased by our Company during the Relevant Period.

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) have 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 repurchase mandate in accordance with the Listing Rules, our Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Codes on Takeovers and Mergers (the "**Takeover Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interests, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made immediately after the listing of Shares on the Stock Exchange. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases made pursuant to the repurchase mandate immediately after the listing of the Shares on the Stock Exchange.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agrees to waive the Listing Rules requirements regarding the public shareholding referred to above. A waiver of this provision is not normally granted other than in exceptional circumstances.

No connected person (as defined in the Listing Rules) of our Company has notified us that he or she has a present intention to sell Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

No repurchase of Shares has been made by our Company since its incorporation.

5. CORPORATE REORGANISATION

For details of the major steps of the Reorganisation effected in preparation for the listing of our Company, please refer to the paragraph headed "History and Reorganisation — Corporate Reorganisation" in this prospectus.

6. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(i) agreement for sale and purchase dated 11 December 2012 entered into between YWH Limited as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser in relation to the purchase of the premises located at Unit B 10/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK$50,000,000;

(ii) assignment dated 23 January 2013 entered into between YWH Limited as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser in relation to the assignment of the premises located at Unit B 10/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK$50,000,000;

(iii) agreement for sale and purchase dated 25 January 2013 entered into between Act Base Limited as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the purchase of the lorry parking space no. L1 on the Ground Floor of Kaiser Estate 2nd Phase, nos. 47–53 Man Yue Street and nos. 20–28 Man Lok Street, Kowloon, Hong Kong at a consideration of HK$2,000,000;

(iv) assignment dated 6 February 2013 entered into between Act Base Limited as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the purchase of the lorry parking space no.L1 on the Ground Floor of Kaiser Estate 2nd Phase, nos. 47–53 Man Yue Street and nos. 20–28 Man Lok Street, Kowloon, Hong Kong at a consideration of HK$2,000,000;

(v) tenancy agreement dated 28 March 2013 entered into between Fungs E & M (an indirect wholly-owned subsidiary of our Company) as landlord and Union (Luen Hop) Refrigeration Co., Ltd. as tenant in respect of the premises located at Unit B2, 10/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon Hong Kong at a monthly rental of HK$40,000 and for a term of 5 years;

(vi) agreement for sale and purchase dated 9 September 2013 entered into between Chu Yuet Seung as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the purchase of the car parking no. 53, B/F., Summit Building, No. 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK$770,000;

(vii) assignment dated 30 September 2013 entered into between Chu Yuet Seung as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the assignment of the car parking no. 53, B/F, Summit Building, No. 30 Man Yue Street, Hung Hum, Kowloon, Hong Kong at a consideration of HK$770,000;

(viii) agreement for sale and purchase dated 8 November 2013 entered into between YWH Limited as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the purchase of the lorry car parking space nos. 8, 9 and 10 on the 1st floor of Summit Building at 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK$4,800,000;

(ix) assignment dated 22 November 2013 entered into between YWH Limited as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the assignment of the lorry car parking space nos. 8, 9 and 10 on the 1st floor of Summit Building at 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK$4,800,000;

(x) agreement for sale and purchase dated 6 January 2014 entered into between YWH Limited as Vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser in relation to the purchase of the private car park nos. 10, 14, 21 and 22 on the Basement of Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK$3,200,000;

(xi) assignment dated 6 January 2014 entered into between YWH Limited as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the assignment of the private car parking space nos. 10, 14, 21 and 22 on the Basement of Summit Building at 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK$3,200,000;

(xii) agreement for sale and purchase dated 6 January 2014 entered into between YWH Limited as Vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the purchase of the private car park nos. 64 and 65 on the Basement of Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK$1,600,000;

(xiii) assignment dated 6 January 2014 entered into between YWH Limited as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the assignment of the private car parking space nos. 64 and 65 on the Basement of Summit Building at 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK$1,600,000;

(xiv) lease termination agreement entered into between Fungs E & M (an indirect wholly-owned subsidiary of our Company) and Union (Luen Hop) Refrigeration Co., Ltd. consenting to the termination of the tenancy agreement dated 28 March 2013 between the same parties as set out in item(v) above on 27 June 2014;

(xv) a provisional agreement for sale and purchase dated 13 August 2014 entered into between Tung Fong (Hong Kong) System Ltd. as vendor and Fungs E & M (an indirect wholly-owned subsidiary of our Company) as purchaser, in relation to the purchase of Unit H5 on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong, at a consideration of HK$4,130,000;

(xvi) sale and purchase agreement dated 22 September 2014 entered into, amongst Team Great, our Company and Master Grand, pursuant to which Team Great agreed to transfer all of their shares in Fungs E & M to Master Grand in consideration for the allotment and issue of 999,999 credited and fully paid Shares by our Company to Team Great;

(xvii) the Deed of Indemnity;

(xviii) the Deed of Non-Competition; and

(xix) the Public Offer Underwriting Agreement.

B. Our Intellectual Property Rights

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(i) Trademarks

As of the Latest Practicable Date, our Group has applied for the registration of the following trademarks in Hong Kong, which are material to our business:

Trademark	Applicant	Class	Application Number	Application Date
馮氏	Fungs E & M	37	302975437	25 April 2014

(ii) Domain Name

As of the Latest Practicable Date, our Group has registered the following domain name which is material to our business:

Domain Name	Registrant	Date of Registration	Expiry Date
ngachun.com.hk	Fungs E & M	20 June 2014	23 June 2019

Information contained in the above websites does not form part of this prospectus. Save as disclosed above, there are no other trademarks or other intellectual property rights which are material in relation to the business of our Company.

C. Material Properties

Among our owned and leased properties, 1 of them is considered material by our Group as we operate our head office thereon. Details of the material property are set out as below:

Owner	Property Name, Address	Use	Approximate Saleable Area	Actual Use and Restrictions on Use
Fungs E & M	Unit B on 10th Floor Summit Building No. 30 Man Yue Street and Nos. 21 & 23 Tai Wan Road Hung Hom Kowloon Hong Kong	Industrial or commercial purpose	12,541 sq.ft.	ancillary office, workshop and storage

None of the above material properties is related to property activities (as defined in the Chapter 5 of the Hong Kong Listing Rules). To the best of our knowledge and belief, except as otherwise disclosed in this prospectus, none of our material properties have:

- third-party rights such as encumbrances, liens, pledges or mortgages;
- restrictions on its use or conflicts with its actual use;
- environmental violation issues;
- investigations, notices, pending litigations, breaches of law or title defects;
- plans for construction, renovation, improvement or development;
- plans to dispose of or change the use; or
- any other information considered material for investors to enable them to make a properly informed assessment on the properties of our Company.

7. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

A. Disclosure of Interests

(i) Interests of Directors and the chief executive of Our Company

Immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and options that may be granted pursuant to the Share Option Scheme), the interests or short positions of Directors and the 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 into in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed will be as follows:

Name of Director/ chief executive	Name of Corporation	Nature of Interest and capacity	Number of shares held	Approximate % of shareholding
Mr. Fung	Our Company	Interest in a controlled corporation *(Note)*	300,000,000 Shares	75%
Mr. Fung	Team Great	Beneficial owner	50 shares of US$1.00 each	50%

Note: Team Great which owns 75% of the issued share capital of our Company is owned as to 50% by Mr. Fung. Mr. Fung is deemed to be interested in 300,000,000 Shares owned by Team Great by virtue of the SFO.

(ii) Interests of Substantial Shareholders

So far as is known to any Director or chief executive of our Company, immediately following completion of the Share Offer and the Capitalisation Issue but without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option, the following persons (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or the underlying Shares which must be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of

the SFO or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of interest	Total number of Shares	Approximate percentage of issued Shares immediately after the Share Offer and the Capitalisation Issue
Team Great	Beneficial owner	300,000,000	75%
Globetrade Limited *(Note 1)*	Interest in a controlled corporation	300,000,000	75%
Profit Chain *(Note 2)*	Interest in a controlled corporation	300,000,000	75%
Vantage *(Notes 3, 4 and 5)*	Interest in a controlled corporation	300,000,000	75%
Winhale Ltd. *(Note 3)*	Interest in a controlled corporation	300,000,000	75%
Braveway Limited *(Note 4)*	Interest in a controlled corporation	300,000,000	75%
HSBC International Trustee Limited *(Note 4)*	Interest in a controlled corporation	300,000,000	75%
Mr. Ngai *(Note 5)*	Interest in a controlled corporation	300,000,000	75%
Spouse of Mr. Fung *(Note 6)*	Interest of spouse	300,000,000	75%
Spouse of Mr. Ngai *(Note 7)*	Interest of spouse	300,000,000	75%

Notes:

1. Team Great is owned as to 50% by Mr. Fung 40% by Globetrade Limited and 10% by Mr. Fung Chuen. Both Mr. Fung and Globetrade Limited are deemed to be interested in 300,000,000 Shares owned by Team Great by virtue of the SFO.

2. Globetrade Limited is wholly-owned by Profit Chain which is in turn wholly-owned by Vantage. Vantage and Profit Chain are deemed to be interested in 300,000,000 Shares owned by Team Great which is owned as to 40% by Globetrade Limited by virtue of the SFO.

3. Winhale Ltd. is ultimately beneficially owned by the Xyston Trust, a discretionary family trust settled by Mr. Ngai for the benefit of himself and his family members. Winhale Ltd. is deemed to be interested in 300,000,000 Shares held by Team Great under the SFO by virtue of its interest in 48.02% of the voting shares in Vantage. Team Great is owned as to 40% by Globetrade Limited which is wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.

4. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in the shares of Vantage held by Winhale Ltd. by virtue of the fact that Winhale Ltd. is wholly-owned by the trust of which Braveway Limited is the trustee. This trust is in turn 99.99% owned by Xyston Trust which HSBC International Trustee Limited is the trustee. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in 300,000,000 Shares held by Team Great under the SFO by virtue of their interest in 48.02% of the voting shares in Vantage. Team Great is owned as to 40% by Globetrade Limited which is wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.

5. Mr. Ngai, is interested in 1,080,011,200 shares of Vantage, which comprise 6,250,800 shares held by himself, the deemed interest in 838,760,400 shares held by Winhale Ltd. and 235,000,000 shares held by Fame Yield International Limited by virtue of his interest in the entire issued share capital of Fame Yield International Limited and he was the settlor and a beneficiary of the Xyston Trust. Mr. Ngai is deemed to be interested in 300,000,000 Shares held by Team Great under the SFO by virtue of his interest in approximately 61.83% of the voting shares in Vantage. Team Great is owned as to 40% by Globetrade Limited which is wholly-owned by Profit Chain which is in turn wholly-owned by Vantage.

6. Ms. Lee Yuk Hing is the spouse of Mr. Fung and is deemed to be interested in 300,000,000 Shares owned by Team Great which is owned as to 50% by Mr. Fung by virtue of the SFO.

7. Ms. Cheng Wai Chun is the spouse of Mr. Ngai and is deemed to be interested in 300,000,000 Shares owned by Team Great because of Mr. Ngai's deemed interest in the same Shares by virtue of the SFO.

As at the Latest Practicable Date, so far as is known to our Directors, other than our Company, no other persons were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries.

B. Directors' Service Contracts

Each of our executive Directors has entered into a service contract with our Company for a fixed term of three years commencing from the Listing Date which can be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has signed an appointment letter with our Company for a term of two years with effect from the Listing Date. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee of HK$144,000 per annum. Their appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

Save as disclosed above, none of our Directors has entered into a service contract 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)).

C. Directors' Remuneration

The aggregate remuneration (including salaries, allowances and benefits in kind, pension scheme contributions) paid to our Directors for the years ended 31 March 2012, 2013 and 2014 were approximately HK$6.7 million, HK$5.8 million and HK$7.4 million, respectively.

There was no arrangement under which a director waived or agreed to waive any remuneration for any of the years ended 31 March 2012, 2013 and 2014.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended 31 March 2012, 2013 and 2014 by any member of our Group to any of our Directors.

Under the arrangements currently in force, our Company estimates the aggregate remuneration payable to, and benefits in kind receivable by (excluding any discretionary bonuses), our Directors in respect of the year ending 31 March 2015 to be approximately HK$5.1 million.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

D. Personal Guarantees

Save as disclosed the paragraph headed "Relationship with Controlling Shareholders — Financial Independence" in this prospectus, our directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

E. Agency Fees or Commission Received

Save as disclosed in this prospectus, no commissions, discounts, agency fees brokerages or other special terms have been granted in connection with the issue or sale of any of our capital within the two years ended on the date of this prospectus.

F. Connected and Related-Party Transactions

During the two years preceding the date of this prospectus, we were engaged in related party transactions as described under the section headed "Connected Transactions" in this prospectus and note 30 to the Accountants' Report set out in Appendix I to this prospectus.

G. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our 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 and short positions which he is 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 in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in the paragraph headed "*Qualification of Experts*" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;

(e) save in connection with Underwriting Agreements, none of the persons listed in the paragraph headed "*Qualification of Experts*" below 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;

(f) save for the Underwriting Agreements, none of the persons listed in the paragraph headed "*Qualification of Experts*" below 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; and

(h) so far as is known to our Directors, none of our Directors or their close associates or any Shareholder (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest suppliers or customers of our Group.

8. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by written resolutions of our sole Shareholder on 22 September 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affective the interpretation of the rules of the Share Option Scheme. For the purpose of this paragraph 8, references to "Board" shall mean the board of Directors or a committee thereof appointed for the purpose of administering the Share Option Scheme; references to "Participant" shall mean any director (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of any member of our Group and any advisers, consultants, contractors, sub-contractors, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of our Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group; references to "Grantee" shall mean any Participants who accepts an offer of the grant of an option in accordance with the terms of the Share Option Scheme or (where the context so permits) any person who is entitled to any such option in consequence of the death of the original Grantee, or the legal representative of such person.

(i) Purpose

The purpose of the Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in our Company and to encourage Participants to work towards enhancing the value of our Company and its Shares for

the benefit of our Company and its Shareholders as a whole. The Share Option Scheme will provide our Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

(ii) Who may join

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Participants as the Board may in its absolute discretion select.

(iii) Administration

The Share Option Scheme shall be subject to the administration of the Board. The Board shall have the right to:

(a) interpret and construe the provisions of the Share Option Scheme;

(b) determine the persons who will be offered options under the Share Option Scheme, the number of Shares and the subscription price, subject to paragraph (vi) below, in relation to such options;

(c) subject to paragraphs (xiv) and (xv) below, make such appropriate and equitable adjustments to the terms of the options granted under the Share Option Scheme as it deems necessary; and

(d) make such other decisions or determinations as it shall deem appropriate in the administration of the Share Option Scheme.

(iv) Grant of options

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to directors, chief executives and substantial shareholders of our Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to make an offer for the grant of an option to any Participant as the Board may in its absolute discretion select. The offer shall specify the terms on which the option is granted. Such terms may include any minimum periods for which an option must be held and/or any minimum performance targets that must be reached, before the options can be exercised in whole or in part, and may include at the discretion of the Board other terms imposed (or not imposed) either on a case by case basis or generally.

No offer shall be made and no option shall be granted to any Participant after inside information has come to our Company's knowledge until it has announced the information. In particular, our Company shall not grant any option during the period commencing one month immediately preceding the earlier of:

(a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's results for any year, half year, quarter or any other interim period (whether or not required under the Listing Rules); and

(b) the deadline for our Company to publish an announcement of, its results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, the period during which no options shall be granted mentioned above shall include any period of delay in the publication of a results announcement.

(v) Payment on acceptance of option offer

An offer shall remain open for acceptance by the Participant concerned for a period of 14 days from the date of the offer. HK$1.00 is payable by the Grantee to our Company on acceptance of the offer of the option.

(vi) Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the offer of new Shares shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

(vii) Option period

The period within which the Shares must be taken up under an option shall be the period of time to be notified by the Board to each Grantee at the time of making an offer, which shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

(viii) Rights are personal to grantee

An option shall be personal to the Grantee and shall not be assignable or transferable.

(ix) Rights attaching to Shares allotted

The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the Memorandum and Articles of Association of our Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of our Company. Prior to the Grantee being registered on the register of members of our Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of the Shares to be issued upon the exercise of the option.

(x) Exercise of option

Subject to the terms and conditions upon which an option is granted, an option may be exercised by the Grantee at any time during the option period, provided that:

(a) in the event the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant for any reason other than (1) his or her death or (2) on one or more of the grounds of termination of employment or engagement specified in paragraph (xi)(f) below, the option shall lapse on the date of cessation of such employment or engagement and not be exercisable unless the Board otherwise determines in which event the option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not be a director of any member of our Group) shall be the last actual working day on which the Grantee was physically at work with our Company or the relevant subsidiary, whether salary is paid in lieu of notice or not;

(b) in the event the Grantee dies before exercising the option in full and none of the events for termination of employment or engagement under paragraph (xi)(f) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the option up to the entitlement of such Grantee as at the date of death;

(c) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (x)(d) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to

exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company;

(d) if a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company);

(e) in the event a notice is given by our Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option; and

(f) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (x)(d) above, between our Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by our Company exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

(xi) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(a) the expiry of the option period;

(b) the date or the expiry of the periods for exercising the option as referred to in paragraph (x) above;

(c) subject to the scheme of arrangement (referred to in paragraph (x)(d) above) becoming effective, the expiry of the period for exercising the option as referred to in paragraph (x)(d) above;

(d) subject to paragraph (x)(e) above, the date of the commencement of the winding-up of our Company;

(e) the date on which the Grantee commits a breach of paragraph (viii) above;

(f) the date on which the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty, or on any other ground on which an employer would be entitled to terminate his or her employment summarily;

(g) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;

(h) where the Grantee is an employee, director, officer or contract consultant of a member of our Group (other than our Company), the date on which such member ceases to be a subsidiary; and

(i) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph (x)(a) or (b) above, the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason.

Transfer of employment or engagement or relationship from one member of our Group to another member of our Group shall not be considered as a cessation of employment, engagement or relationship.

(xii) Cancellation of option

Any options granted but not exercised may be cancelled if the Grantee so agrees and new options may be granted to the Grantee provided such new options are granted within the limits prescribed by paragraph (xiii) below and otherwise comply with the terms of the Share Option Scheme.

(xiii) Maximum number of Shares subject to options

(a) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time ("**Scheme Limit**");

(b) The Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 40,000,000 Shares, representing 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Stock Exchange and any Shares which may be allotted and issued by our Company pursuant to the Offer Size Adjustment Option (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit;

(c) Our Company may refresh the Scheme Mandate Limit at any time subject to prior Shareholders' approval. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled, lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the limit as refreshed;

(d) Our Company may also seek separate Shareholders' approval for granting options beyond the Scheme Mandate Limit to Participants specifically identified by our Company before the aforesaid Shareholders' meeting where such approval is sought;

(e) The total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised, cancelled and outstanding options) in any 12 month period shall not exceed 1% of the Shares in issue (the "**Individual Limit**"). Any further grant of options to a Participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of grant of such further options exceeding the Individual Limit shall be subject to Shareholders' approval in advance with such Participant and his close associates (or his associates if such participant is a connected person) abstaining from voting; and

(f) The maximum number of Shares referred to in this paragraph xiii shall be adjusted, in such manner as the auditors or the financial adviser of our Company retained for such purpose shall certify to be appropriate, fair and

reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (xiv) below by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares, reduction of the share capital of our Company.

(xiv) Reorganisation of capital structure and special dividends

In the event of an alteration in the capital structure of our Company whilst any option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of our Company (other than an issue of Shares as consideration in a transaction), such corresponding alterations (if any) shall be made to: (i) the number or nominal amount of Shares subject to the option so far as unexercised; or (ii) the subscription price; or (iii) the method of exercise of the option; or any combination thereof, as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled, but so that no such adjustments be made to the extent that a Share would be issued at less than its nominal value.

(xv) Alteration of the Share Option Scheme

(a) Subject to paragraph (xv)(b) below, the Board may amend any of the provisions of the Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date);

(b) Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration of the terms of the Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules; and

(c) Notwithstanding any approval obtained pursuant to paragraph (xv)(a) above, no amendment shall operate to adversely affect the terms of issue of any option granted or agreed to be granted prior to such amendment except with the consent or sanction in writing of such number of Grantees as

shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the options granted under the Share Option Scheme, except where such amendment takes effect automatically under the existing terms of the Share Option Scheme.

(xvi) Termination of Share Option Scheme

Our Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options which are unexercised and unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

(xvii) Offers made to a director, chief executive or employee who is also substantial shareholder of our Company or any of their respective associates

Each grant of options to any director, chief executive or substantial shareholder of our Company (or any of their respective associates) (as the aforesaid terms are defined in rule 14A.06(2) of the Listing Rules) shall be subject to the prior approval of the independent non-executive directors of our Company (excluding any independent nonexecutive director who is a proposed recipient of the grant of options). Where any grant of options to a substantial shareholder or an independent non-executive director of our Company, or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12 month period (or such other period as may from time to time be specified by the Stock Exchange) up to and including the date of grant:

(a) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million (or such other amount as may from time to time be specified by the Stock Exchange).

Such grant of options shall be subject to prior approval by the Shareholders (voting by way of poll). The Grantee, his associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting at such general meeting, except that any such person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(xviii) **Conditions of Share Option Scheme**

The Share Option Scheme shall take effect subject to:

(a) the Listing Committee granting approval of the Share Option Scheme and the granting of options thereunder;

(b) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options under the Share Option Scheme; and

(c) the commencement of dealings in the Shares on the Stock Exchange.

(xix) Present status of the Share Option Scheme

As at the Latest Practicable Date, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 40,000,000 Shares in total.

9. OTHER INFORMATION

A. Litigation

As at the Latest Practicable Date, save as disclosed in the paragraph headed "Business — Litigation, arbitration and potential claims" in this prospectus, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

B. Sole Sponsor

The Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The fees payable by us in respect of the Sponsor's services as sponsor for the Listing is HK$3.5 million.

The Sponsor has made an application on behalf of our Company 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 Share Offer (including the additional Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the options to be granted under the Share Option Scheme). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

C. No Material Adverse Change

Save as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2014 (being the date to which the latest audited combined financial statements of our Group were prepared).

D. Tax and other indemnities

(i) Tax on Dividends

No tax is payable in Hong Kong in respect of dividends paid by us.

(ii) Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profit tax, which is currently imposed at the rate of 16.5% on corporations and at a rate of 15.0% on unincorporated businesses. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(iii) Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

(iv) Estate Duty

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006. The estate of a person who died before 11 February 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), and the Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including 15 July 2005 to 11 February 2006 with the principal value exceeding HK$7.5 million shall be a nominal amount of HK$100.

(v) Deed of Indemnity

Pursuant to the Deed of Indemnity given by each of our Controlling Shareholders in favour of our Company (and its subsidiaries) and conditional on the fulfilment of the conditions stated in the paragraph headed "Conditions of the Share Offer" in the section headed "Structure and Conditions of the Share Offer" in this prospectus, our Controlling Shareholders have unconditionally and irrevocably agreed and undertaken to each of the members of our Group on a joint and several basis that they would indemnify and at all times keep the same indemnified on demand from and against any taxation falling on any members of our Group resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on or before the Listing Date or any event, transaction, act or omission occurring or deemed to occur on or before the Listing Date whether alone or in conjunction with any other event, act or omission occurring or deemed to occur on or before the Listing Date and whether or not such taxation is chargeable against or attributable to any other person, firm or company. For the avoidance of doubt, the aforesaid provision shall require our Controlling Shareholders to indemnify and at all times keep each of the members of our Group indemnified, in each case, in respect of any additional taxation which may fall on our Company or any other member of our Group in respect of a taxation claim resulting from a reassessment or similar action by a taxation authority against any member of our Group of taxation due and whether or not such reassessment is effected in respect of taxation which our Company or any other members of our Group had previously reached agreement with a taxation authority.

Under the Deed of Indemnity, the Controlling Shareholders have also irrevocably and unconditionally agreed and undertaken to each of members of our Group on a joint and several basis that they would indemnify and at all times keep the same indemnified on demand from and against all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties payments, suits, and expenses associated, incurred or suffered by our Company or any members of our Group directly or indirectly in connection with:

(a) any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings whether of criminal, administrative, contractual, tortuous nature or otherwise instituted by or against our Company and/or any of the member of our Group which was issued and/or accused and/or arising from any act, non-performance, omission or otherwise of the Company or any member of our Group on or before the Listing Date; and

(b) any non-compliance with the applicable laws, rules or regulations by the Company and/or any of the member of our Group on or before the Listing Date, except that specific provision, reserve or allowance has been made for such liabilities in the audited combined accounts of our Company for the Track Record Period.

However, the indemnities given by our Controlling Shareholders under this section do not cover, and our Controlling Shareholders shall be under no liability in respect of, any liability on taxation and taxation claim:

(a) to the extent that provision has been made in the audited combined accounts of our Group or the audited accounts of any of the Group members for an accounting period ended on or before 31 March 2014;

(b) falling on any members of our Group in respect of any accounting period commencing on or after 31 March 2014 unless such liability would not have arisen but for some act or omission of, or transaction entered into by, our Controlling Shareholders or any members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than:

(i) in the ordinary course of business, on or before the Listing Date; or

(ii) pursuant to a legally binding commitment created on or before the date of the deed of indemnity or pursuant to any statement of intention made in this prospectus.

(c) to the extent that such liability arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority (in Hong Kong or elsewhere), including without limitation the Inland Revenue Department, having retrospective effect coming into force after the Listing Date or to the extent that such liability arises or is increased by an increase in rates of taxation or other penalties after the Listing Date with retrospective effect;

(d) to the extent that such liability is discharged by another person who is not a member of our Group and that none of the member of our Group is required to reimburse such person in respect of the discharge of such liability; or

(e) to the extent of any provision or reserve made for such liability in the audited accounts referred to in Clause (a) above which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce our Controlling Shareholders' liability in respect of such liability shall not be available in respect of any such liability arising thereafter.

(vi) Consultation with professional advisers

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the tax implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. None of our Company, the Sponsor, the Underwriters, any of their respective directors, or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, or dealing in, the Shares.

E. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no 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) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder Shares, management Shares or deferred Shares;

(iv) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(v) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of any member of our Group;

(b) None of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(c) Our Company has no outstanding convertible debt securities;

(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) Our Directors have been advised that, under the Companies Law, the use of a Chinese name by our Company does not contravene the Companies Law;

(f) There is no arrangement under which future dividends are waived or agreed to be waived;

(g) No company within our Group is presently listed on any stock exchange or traded on any trading system; and

(h) Our principal register of members will be maintained by our principal registrar, Appleby Trust (Cayman) Ltd., in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Branch Share Registrar, 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 the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands.

F. Qualification of Experts

The following are the qualifications of experts who have opined or advised on information contained in this prospectus:

Name	Qualification
Ample Capital Limited	Licensed under the SFO to engage in Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities (as defined under the SFO)
Ernst & Young	Certified Public Accountants
International Valuation Limited	Property valuers
Ipsos Hong Kong Limited	Industry consultant
Appleby	Legal adviser as to Cayman Islands law

G. Consents of Experts

Each of Ample Capital Limited, Ernst & Young, International Valuation Limited, Ipsos Hong Kong Limited, and Appleby has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

H. Promoter

Our Company has no promoter for purposes 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 Share Offer and the related transactions described in this prospectus.

I. Preliminary Expenses

The preliminary expenses incurred by our Company were approximately HK$52,900 and were payable or paid by our Company.

J. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of binding all persons concerned by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

K. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents of the experts referred to in the paragraph headed "Consents of experts" in the section headed "Other information" of Appendix V to this prospectus; and

(c) copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about our business" of Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Howse Williams Bowers at 27th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited combined financial statements of our Group for the three financial years ended 31 March 2014;

(d) the report on unaudited pro forma financial information of our Group prepared by Ernst & Young, the text of which is set out in Section B of Appendix II to this prospectus;

(e) the letter, summary of values and valuation certificate relating to the property interests of our Group prepared by International Valuation Limited, the texts of which are set out in Appendix III to this prospectus;

(f) the letter of advice from Appleby, our Cayman Islands legal adviser, summarising the constitution of our Company and certain aspects of the Companies Law referred to in Appendix IV to this prospectus;

(g) the Companies Law;

(h) the rules of Share Option Scheme;

(i) the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about our business" of Appendix V to this prospectus;

(j) the service contracts and letters of appointment referred to in the paragraph headed "Directors' service contracts" in the section headed "Further information about our Directors and substantial Shareholders" of Appendix V to this prospectus; and

(k) the written consents referred to in the paragraph headed "Consents of experts" in the section headed "Other information" of Appendix V to this prospectus.

Nga Chun Holdings Company Limited
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