The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

27 September 2012

The Directors
Sunley Holdings Limited

Ample Capital Limited

Dear Sirs,

We report on the financial information of Sunley Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined statements of financial position as at 31 March 2010, 2011 and 2012, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements for each of the years ended 31 March 2010, 2011 and 2012 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to IV below for inclusion in Appendix I to the prospectus of the Company dated 27 September 2012 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 15 April 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1(c) of Section II headed "Group reorganisation" below, which was completed on 11 September 2012, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1(c) of Section II below. All of these companies are private companies.

No audited financial statements have been prepared by the Company as it is newly incorporated and has not entered into any significant business transactions since its date of incorporation other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with relevant accounting principles generally accepted in their places of incorporation. The details of the statutory auditors of these companies are set out in Note 1(c) of Section II below.

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The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSA") issued by the HKICPA pursuant to separate terms of engagement with the Company.

The directors of the Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRSs.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 1(d) of Section II below.

Directors' responsibility for the financial information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 1(d) of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 1(d) of Section II below, a true and fair view of the combined state of affairs of the Group as at 31 March 2010, 2011 and 2012 and of the Group's combined results and cash flows for the Relevant Periods then ended.

I FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 March 2010, 2011 and 2012 and for each of the years ended 31 March 2010, 2011 and 2012 (the "Financial Information"), presented on the basis set out in Note 1(d) of Section II below:

Combined statements of comprehensive income

		Year ended 31 March		
	Note	**2010**	**2011**	**2012**
		HK$'000	*HK$'000*	*HK$'000*
Revenue	*5*			
— Track record period projects ("TRP Projects")		51,306	251,107	313,122
— Prior year project	*4(d)*	—	6,398	—
		51,306	257,505	313,122
Cost of sales	*6*			
— TRP Projects		(32,516)	(197,903)	(253,452)
— Reversal of provision for claims from prior year project	*4(d)*	—	11,243	—
		(32,516)	(186,660)	(253,452)
Gross profit		18,790	70,845	59,670
Other income and net gains	*5*	651	4,093	122
Administrative expenses	*6*	(6,207)	(31,492)	(25,813)
Operating profit		13,234	43,446	33,979
Finance costs	*9*	(52)	(426)	(2,097)
Profit before income tax		13,182	43,020	31,882
Income tax expense	*10*	(2,351)	(7,656)	(6,126)
Profit and total comprehensive income for the year attributable to equity holders of the Company		10,831	35,364	25,756
Basic and diluted earnings per share	*11*	N/A	N/A	N/A
Dividend	*12*	—	—	9,300

Combined statements of financial position

	Note	As at 31 March 2010	2011	2012
		HK$'000	HK$'000	HK$'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	83,946	157,981	172,427
Deferred taxation	22	—	115	84
Goodwill	14	—	13,022	13,022
		83,946	171,118	185,533
Current assets				
Trade and other receivables	15	18,717	77,508	88,034
Amounts due from customers for contract work	16	3,319	3,856	2,762
Amount due from a related company	18	—	59	—
Tax recoverable		386	—	—
Cash and cash equivalents	19	1,827	44,660	46,609
		24,249	126,083	137,405
Total assets		108,195	297,201	322,938
EQUITY				
Capital and reserves				
Combined capital	23	—	—	—
Merger reserve	24	39,193	39,193	39,193
Capital reserve	24	—	58,714	58,714
Retained earnings		15,724	51,088	67,544
Total equity		54,917	148,995	165,451

	Note	As at 31 March 2010 HK$'000	2011 HK$'000	2012 HK$'000
LIABILITIES				
Non-current liabilities				
Borrowings	*20*	8,411	62,484	79,770
Deferred taxation	*22*	9,147	15,628	17,877
		17,558	78,112	97,647
Current liabilities				
Trade and other payables, including provision for claims	*21*	15,345	34,329	28,884
Amount due to a shareholder	*17*	10,430	—	—
Borrowings	*20*	9,945	29,399	28,874
Tax payable		—	6,366	2,082
		35,720	70,094	59,840
Total liabilities		53,278	148,206	157,487
Total equity and liabilities		108,195	297,201	322,938
Net current (liabilities)/assets		(11,471)	55,989	77,565
Total assets less current liabilities		72,475	227,107	263,098

Combined statements of changes in equity

	Combined capital *(Note 23)* *HK$'000*	**Merger reserve** *(Note 24)* *HK$'000*	**Capital reserve** *(Note 24)* *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
Balance at 1 April 2009	—	39,193	—	4,893	44,086
Profit and total comprehensive income for the year	—	—	—	10,831	10,831
Balance at 31 March 2010	—	39,193	—	15,724	54,917
Balance at 1 April 2010	—	39,193	—	15,724	54,917
Capital reserve arising from acquisition of certain subsidiaries	—	—	58,714	—	58,714
Profit and total comprehensive income for the year	—	—	—	35,364	35,364
Balance at 31 March 2011	—	39,193	58,714	51,088	148,995
Balance at 1 April 2011	—	39,193	58,714	51,088	148,995
Profit and total comprehensive income for the year	—	—	—	25,756	25,756
Dividend	—	—	—	(9,300)	(9,300)
Balance at 31 March 2012	—	39,193	58,714	67,544	165,451

Combined cash flow statements

	Note	Year ended 31 March 2010 HK$'000	2011 HK$'000	2012 HK$'000
Cash flows from operating activities				
Net cash generated from operations	*25(a)*	12,889	29,044	47,240
Tax paid		(1,238)	(1,643)	(8,130)
Interest paid		(52)	(426)	(2,097)
Net cash generated from operating activities		11,599	26,975	37,013
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment		3,709	19,750	81
Purchases of property, plant and equipment		(36,614)	(76,682)	(42,606)
Acquisition of subsidiaries	*26*	—	(291)	—
Disposal of a subsidiary	*27*	—	(7)	—
Net cash used in investing activities		(32,905)	(57,230)	(42,525)
Cash flows from financing activities				
Inception of finance lease		20,000	80,023	37,038
Drawdown of bank borrowings		—	14,543	—
Repayment of finance lease		(1,644)	(20,831)	(16,506)
Repayment of bank borrowings		—	(647)	(3,771)
Dividends paid		—	—	(9,300)
Net cash generated from financing activities		18,356	73,088	7,461
Net (decrease)/increase in cash and cash equivalents		(2,950)	42,833	1,949
Cash and cash equivalents at 1 April		4,777	1,827	44,660
Cash and cash equivalents at 31 March		1,827	44,660	46,609

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION, CHANGES IN GROUP STRUCTURE, GROUP REORGANISATION AND BASIS OF PRESENTATION

(a) General information

Sunley Holdings Limited (the "Company") was incorporated in the Cayman Islands on 15 April 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the foundation business and machinery rental business in Hong Kong. The controlling shareholders of the Company are Mr. Leung Chee Hon ("Mr. Leung") and Dr. Ho Kar Chung ("Dr. Ho") (together, the "Controlling Shareholders"). Prior to the changes in group structure and the group reorganisation as set out below, the foundation business and machinery rental business of the Group (the "Listing Business") were conducted by Sunley Engineering & Construction Company Limited ("Sunley"), which was beneficially owned by the Controlling Shareholders.

(b) Changes in group structure

(i) On 11 January 2010, Leading Win Management Limited ("Leading Win") was incorporated and was held as to 70% by Mr. Leung and 30% by Dr. Ho. On 5 January 2010, One Million International Limited ("One Million") was incorporated. On 18 May 2010, One Million acquired the entire equity interest in Sunley from the Controlling Shareholders for a total consideration of HK$39,193,000 in the form of shareholders' loans. On 31 March 2011, the Controlling Shareholders assigned their shareholders' loans owed by One Million to Leading Win at a consideration of HK$1. On the same date, Leading Win and One Million agreed to the capitalisation of the shareholder's loan whereby One Million allotted and issued one share of US$1 to Leading Win, credited as fully-paid.

(ii) On 8 June 2010, One Million acquired the entire equity interest in Sunnic Engineering Limited ("Sunnic") which was beneficially owned by Mr. Cheng Wing On, Michael ("Mr. Cheng"), Mr. Tsui Kwok Kin ("Mr. Tsui") and Mr. Wong Ling, Eddie ("Mr. Wong") and their respective family members. As consideration, Leading Win allotted and issued shares to Mr. Wong, Mr. Cheng and Mr. Tsui respectively, credited as fully paid.

(iii) On 15 July 2010, One Million acquired the entire equity interest in Full Gain Engineering Limited ("Full Gain") which was beneficially owned by Mr. Cheng, Mr. Tsui and Mr. Wong and their respective family members. As consideration, One Million allotted and issued one share of US$1 to Leading Win, credited as fully paid.

(iv) Upon completion of the above transactions, Leading Win held 100% equity interest in One Million which in turn held 100% equity interest in Sunley, Sunnic and Full Gain. Leading Win was held as to 49% by Mr. Leung, 21% by Dr. Ho, 10% by Mr. Wong, 10% by Mr. Cheng and 10% by Mr. Tsui.

The financial positions, results of operations and cash flows of Sunnic and its subsidiaries from 1 April 2008 up to 8 June 2010, and of Full Gain from 1 April 2008 up to 15 July 2010, the respective dates of acquisition by One Million, are set out in Notes 32 and 33 below.

(v) On 17 December 2010, Sunnic disposed of its entire equity interest in its subsidiary, Super Ease Holdings Limited, which was engaged in the property holding business, to Sunnic Holdings Limited which was beneficially owned by Mr. Cheng, Mr. Tsui and Mr. Wong and their respective family members, for a consideration of HK$342,000.

Details of the disposal are set out in Note 27 below.

(c) Group reorganisation

In preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Company underwent group reorganisation (the "Reorganisation") on 11 September 2012, pursuant to which the entire equity interest in One Million was transferred to the Company and as consideration, the Company allotted and issued 999,999 shares of HK$0.01 each to Leading Win, credited as fully paid. Thereafter, the Company became the holding company of the companies now comprising the Group.

Upon completion of the Reorganisation and up to the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Name	Place of incorporation	Date of incorporation	Principal activities and place of operation	Issued and fully paid share capital	Equity interest held 31 March 2010	2011	2012
Directly held							
One Million (*Note (i)*)	British Virgin Islands	5 January 2010	Investment holding	US$2, 2 shares of US$1 each	N/A	100%	100%
Indirectly held							
Sunley (*Note (ii)*)	Hong Kong	27 July 1982	General contracting, building and civil engineering and rental of machinery in Hong Kong	HK$39,193,000, 391,930 shares of HK$100 each	100%	100%	100%
Sunnic (*Note (ii)*)	Hong Kong	27 May 1993	General contracting, building and civil engineering and rental of machinery in Hong Kong	HK$9,300,000, 9,300,000 shares of HK$1 each	N/A	100%	100%
Full Gain (*Note (ii)*)	Hong Kong	1 December 2000	General contracting, building and civil engineering and rental of machinery in Hong Kong	HK$100, 100 shares of HK$1 each	N/A	100%	100%

Notes:

(i) No audited financial statements have been prepared for the Company as it is not required under the statutory requirement of its place of incorporation.

(ii) The statutory financial statements of these subsidiaries were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and audited by certified public accountants as follows:

Name	For the year ended	Name of statutory auditors
Sunley	31 March 2010	George Tso & Co.
	31 March 2011 and 2012	PricewaterhouseCoopers
Sunnic	30 April 2010 and 31 March 2011 and 2012	PricewaterhouseCoopers
Full Gain	30 April 2010 and 31 March 2011 and 2012	PricewaterhouseCoopers

(d) Basis of presentation

For the purposes of this report, the combined financial information of the Group has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Reorganisation is a reorganisation of group structure with no change in substance of the underlying business conducted by Sunley or the ultimate ownership of such business. Accordingly, the combined statements of financial position, the combined statements of comprehensive income, the combined cash flows statements and the combined statements of changes in equity of the Group as at and for the years ended 31 March 2010, 2011 and 2012 (the "Relevant Periods") have been prepared using the financial information of the companies now comprising the Group for the Relevant Periods as if the current group structure had been in existence throughout the Relevant Periods, or since the date when the combining companies first came under the control of the Controlling Shareholders, whichever is a shorter period. The net assets and results of the Group were combined using the existing book values.

For companies acquired from or disposed of to third parties during the Relevant Periods, they are included in or excluded from the financial information of the Group from the respective dates of acquisition or disposal.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on combination.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The principal accounting policies applied in the preparation of the Financial Information which are in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA are set out below. The Financial Information set out in this report has been prepared under the historical cost convention except for the investment properties which are carried at fair value.

The preparation of the Financial Information in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Company. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 4 below.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new or revised standards, amendments and interpretations to existing standards have been published but are not yet effective for the Relevant Periods and which the Group has not early adopted:

		Effective for accounting periods of the Group beginning on or after
HKAS 12 Amendment	Income Taxes (Amendments made by Deferred Tax: Recovery of Underlying Assets)	1 April 2012
HKFRS 7 Amendment	Disclosures — Transfers of Financial Assets	1 April 2012
HKFRS 7 Amendment	Disclosures — Offsetting Financial Assets and Financial Liabilities	1 April 2013
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Statements	1 April 2013
HKAS 19 (2011)	Employee Benefits	1 April 2013
HKAS 27 (2011)	Separate Financial Statements	1 April 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 April 2013
HKFRS 10	Consolidated Financial Statements	1 April 2013
HKFRS 11	Joint Arrangements	1 April 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 April 2013
HKFRS 13	Fair Value Measurement	1 April 2013
HKAS 31 Amendment	Presentation — Offsetting Financial Assets and Financial Liabilities	1 April 2014
HKFRS 9	Financial Instruments	1 April 2015

The Group will adopt these new standards, amendments and interpretations in the period of initial application. It is not expected to have a significant impact on the Group's result of operations and its financial position.

(b) Consolidation and combination

The combined financial information includes the financial information of the Company and all its subsidiaries made up to respective year end dates during the Relevant Periods.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Except for the business combination under common control including the reorganisation, the acquisition method of accounting is used to account for the Group's business combination. The consideration for the acquisition of a subsidiary is the fair values of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. When a business combination achieved in stages, the acquirer should remeasure its previously held interest in the acquiree at its fair value at the date of whom control is obtained, recognising the fair value changes in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Transaction with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting reported to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in the statement of comprehensive income within "Other income and net gains/(losses)".

(iii) Group companies

The results and financial position of all companies now comprising the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or jointly controlled entities that do not result in the group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Over the remaining lease term
Building	Shorter of remaining lease term or useful life
Machinery	10%–20%
Office equipment	20%
Motor vehicles	20%–30%
Furniture and fixtures	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of all property, plant and equipment are the difference between the net disposal proceeds and the carrying amount of the relevant asset, and are recognised in profit or loss on the date of retirement or disposal within "Other income and net gains/(losses)" in the combined statement of comprehensive income.

(g) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Investment property comprises land held under operating leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by professional valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial information.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Change in fair value of investment property is recognised in profit or loss. Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. Upon the subsequent disposal of the investment property, any revaluation reserve balance of the property is transferred to retained profits and is shown as a movement in reserves.

(h) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment (note 14).

(i) Impairment of non-financial assets

Assets that have indefinite useful life, for example, goodwill, are not subject to amortisation and are tested annually for impairment.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Leases and hire purchase contracts

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under hire purchase contracts are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as an obligation under finance lease. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs as stated in the policy below.

When a sale and leaseback results in a finance lease, any gain on sale is deferred and recognised as an income over the lease term. Any loss on sale is immediately recognised as an impairment loss when the sale occurs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivables as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(k) Construction contracts in progress

Contracting work-in-progress is valued at cost incurred plus an appropriate proportion of profits after deducting progress payments and allowances for foreseeable losses. Cost comprises construction material costs, labour and overheads expenses incurred in bringing the work-in-progress to its present condition.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and retention receivables. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(l) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "amounts due from customer for contract work", "trade and other receivables", "amount due from a shareholder", "amount due from holding company", "amount due from a related company" and "cash and cash equivalents" in the statement of financial position.

(m) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss 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 been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(n) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(o) Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand and bank overdrafts. Bank overdrafts are shown in current liabilities on the statement of financial position.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(s) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(t) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period during the Relevant Periods in the countries where the Group operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period during the Relevant Periods and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

The Group operates defined contribution plans and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period during the Relevant Periods are discounted to present value.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

(v) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

(w) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the note to the financial information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(x) Financial guarantee

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but perform a liability adequacy test at each reporting date by comparing its carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised as an expense immediately.

(y) Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

(a) Construction contracts income

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

Revenue from contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to the construction works certified by an independent surveyor.

(b) Rental income on machinery

Operating lease rental income is recognised on a straight-line basis over the term of the lease.

(c) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(z) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial information in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments, if necessary, to reduce certain risk exposures.

(i) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group has not hedged its cash flow interest rate risks.

As at 31 March 2010, 2011 and 2012, if the interest rate on all borrowings had been 100 basis points higher/ lower with all other variables held constant, the Group's profit after tax for the year would have been decreased/ increased by approximately HK$184,000 and HK$919,000 and HK$1,086,000 respectively, mainly as a result of higher/lower interest expense on borrowings with floating interest rates.

(ii) Credit risk

Credit risk arises mainly from trade and other receivables, amounts due from customers for contract work, a shareholder, the holding company and a related company and cash at bank. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the combined statement of financial position.

The credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

In respect of trade and other receivables and amounts due from customers for contract work, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 March 2010, 2011, 2012, there were 2 customers which individually contributed over 10% of the Group's trade and other receivables each year end date. The aggregate amount of trade and other receivables from these customers amounted to 20%, 47% and 76% of the Group's total trade and other receivables, respectively.

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The following table details the remaining contractual maturities at the year end dates during the Relevant Periods of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the year end dates during the Relevant Periods) and the earliest date the Group may be required to pay:

	Within one year	**Between one and two years**	**Between two and five years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2010				
Trade and other payables, including provision for claims	15,345	—	—	15,345
Amount due to a shareholder	10,430	—	—	10,430
Borrowings	10,175	8,482	—	18,657
	35,950	8,482	—	44,432
At 31 March 2011				
Trade and other payables, including provision for claims	34,329	—	—	34,329
Borrowings	31,518	8,180	56,792	96,490
	65,847	8,180	56,792	130,819
At 31 March 2012				
Trade and other payables, including provision for claims	28,884	—	—	28,884
Borrowings	32,455	25,982	57,715	116,152
	61,339	25,982	57,715	145,036

(b) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operation and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities as at each year end divided by the total equity as at each year end.

The gearing ratios during the Relevant Periods are as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Total borrowings *(Note 20)*	18,356	91,883	108,644
Total equity	54,917	148,995	165,451
Gearing ratio	33.4%	61.7%	65.7%

(c) Fair value estimation

The carrying values less impairment provision of trade and other receivables, trade and other payables, amounts due from customers for contract work, amount due from/(to) a shareholder/the holding company/a related company and bank balances are a reasonable approximation of their fair values due to the short-term maturities of these assets and liabilities.

The carrying values of borrowings are a reasonable approximation of their fair values as the interest rates of these borrowings are at market rates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives and impairment of property, plant and equipment

The Group has significant investments in property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including decline in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

Impairment of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgment is required in the area of asset impairment particularly in assessing; (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

(b) Impairment of receivables

Management determines the provision for impairment of trade and other receivables and amounts due from customers for contract work. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at each statement of financial position date.

Significant judgment is exercised on the assessment of the collectability of receivables from each customer. In making the judgment, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. For the purpose of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on five-year financial budgets approved by management and estimated terminal value at the end of the five-year period. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Key assumptions include the growth rates and selection of discount rates to reflect the risks involved. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions could affect these cash flow projections and therefore the results of the impairment reviews. As at 31 March 2011 and 2012, management was not aware of any impairment on goodwill based on the assessment.

(d) Construction contracts

Revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts, with reference to the construction works certified by an independent surveyor. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and provision for claims, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the management conducts periodic reviews of the management budgets by comparing the budgeted amounts to the actual amounts incurred. The provision for claims is determined on the basis of the delay in the number of workdays of the completion of the construction works which is highly subjective and is subject to negotiation with the customers. Management conducts periodic review of the provisioning amount.

Significant judgment is required in estimating the contract revenue, contract costs, variation works and provision for claims which may have an impact in terms of percentage of completion and profit taken.

Management base their judgements of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

When accounting for provisions for litigation and other items the Group has taken internal and external advice in considering known legal claims and actions made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which in the view of management are unlikely to succeed.

The Group had a dispute with a single customer in relation to a project which was completed in 2003. In 2011, the Group reversed the claim provision of HK$11,243,000 and recorded an amount of HK$6,398,000 as income from prior year project based on the conclusion of the recovery measures.

The financial effects of the prior year project are set out as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Income from prior year project			
Construction contracts income — yielded by recovery measure	—	6,398	—
Cost of sales — reversal of provision for claims *(Note 21(d))*	—	11,243	—
	—	17,641	—
Related legal expenses *(Note 6)*	1,122	11,608	—

Income from prior year project represented revenue and reversal of provision for claims arising from disputes over certain construction contract.

5 REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents gross contract receipts on construction contracts and rental income on machinery in the ordinary course of business. Revenue and other income and net gains recognised during the respective years are as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
Construction contracts income			
— TRP Projects *(Note a)*	45,148	250,605	302,571
— Prior year project *(Note b)*	—	6,398	—
Rental income on machinery	6,158	502	10,551
	51,306	257,505	313,122

Note:

(a) TRP Projects represent construction projects in progress during the Relevant Periods.

(b) Prior year project refers to a dispute the Group had with a single customer in relation to a project which was completed in 2003. The dispute was resolved through recovery measures in 2011, please refer to Note 4(d) for details.

	2010	2011	2012
Other income and net gains			
Interest income	1	1	37
Gain on disposal of fixed assets	529	3,318	64
Gain on disposal of a subsidiary	—	336	—
Others	121	438	21
	651	4,093	122

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors regards the Group's business as a single operating segment and reviews financial information accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

For the years ended 31 March 2010, 2011 and 2012, there were 3, 1 and 4 customer(s) which individually contributed over 10% of the Group's revenue, respectively. The aggregate amount of revenue from these customers amounted to 93%, 28% and 48% of the Group's total revenue, respectively.

6 EXPENSES BY NATURE

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Cost of sales — TRP Projects *(Note a)*			
Construction materials costs	16,665	91,872	115,442
Subcontracting charges	2,078	57,931	56,638
Staff costs *(Note 7)*	5,561	27,985	54,234
Depreciation of owned assets *(Note 13)*	7,221	10,930	10,220
Depreciation of assets under finance lease *(Note 13)*	991	9,185	16,918
	32,516	197,903	253,452
Cost of sales — prior year project *(Note b)*			
Reversal of provision of claims	—	(11,243)	—
	32,516	186,660	253,452
Administrative expenses			
Auditors' remuneration	101	837	730
Building management fee	194	286	303
Staff costs, including directors' emoluments *(Note 7)*	2,401	10,735	9,561
Depreciation *(Note 13)*	332	1,030	1,005
Operating lease rental on land and buildings	610	1,841	2,615
Transportation	429	1,553	1,975
Legal expenses	1,122	11,608	—
Other professional fees	183	617	5,362
Insurance	168	346	821
Repair and maintenance	25	864	1,405
Other expenses	642	1,775	2,036
	6,207	31,492	25,813
Total cost of sales and administrative expenses	38,723	218,152	279,265

Note:

(a) TRP Projects represent construction projects in progress during the Relevant Periods.

(b) Prior year project refers to a dispute the Group had with a single customer in relation to a project which was completed in 2003. The dispute was resolved through recovery measures in 2011, please refer to Note 4(d) for details.

7 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Salaries, wages and allowances	7,649	37,405	61,943
Retirement benefit expenses			
— defined contribution plan	313	1,315	1,852
	7,962	38,720	63,795

The Group operates two defined contribution schemes in Hong Kong which comply with the requirements under the Mandatory Provident Fund ("MPF") Schemes Ordinance. All assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF Scheme follow the MPF Schemes Ordinance.

8 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

The emoluments of the directors for the Relevant Periods are set out below:

	Fee	Salaries, wages and allowances	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2010					
Executive Directors					
Dr. Ho Kar Chung	—	—	—	—	—
Mr. Ho Chi Ling	—	—	—	—	—
Mr. Cheng Wing On, Michael *(note)*	—	—	—	—	—
Independent non-executive directors					
Mr. Chuck Winston Calptor	—	—	—	—	—
Mr. Ching Kwok Hoo, Pedro	—	—	—	—	—
Mr. Tam Tak Kei, Raymond	—	—	—	—	—
Non-executive director					
Mr. Leung Chee Hon	—	—	—	—	—
	—	—	—	—	—
Year ended 31 March 2011					
Executive directors					
Dr. Ho Kar Chung	—	—	—	—	—
Mr. Ho Chi Ling	—	720	—	12	732
Mr. Cheng Wing On, Michael *(note)*	—	780	—	10	790
Independent non-executive directors					
Mr. Chuck Winston Calptor	—	—	—	—	—
Mr. Ching Kwok Hoo, Pedro	—	—	—	—	—
Mr. Tam Tak Kei, Raymond	—	—	—	—	—
Non-executive director					
Mr. Leung Chee Hon	—	—	—	—	—
	—	1,500	—	22	1,522
Year ended 31 March 2012					
Executive directors					
Dr. Ho Kar Chung	—	—	—	—	—
Mr. Ho Chi Ling	—	780	132	12	924
Mr. Cheng Wing On, Michael *(note)*	—	960	200	12	1,172
Independent non-executive directors					
Mr. Chuck Winston Calptor	—	—	—	—	—
Mr. Ching Kwok Hoo, Pedro	—	—	—	—	—
Mr. Tam Tak Kei, Raymond	—	—	—	—	—
Non-executive director					
Mr. Leung Chee Hon	—	—	—	—	—
	—	1,740	332	24	2,096

Note: The director only joined the Group after the acquisition of Sunnic on 8 June 2010 as mentioned in note 1(b).

During the Relevant Periods, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the Relevant Periods.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, none of them are directors in the year ended 31 March 2010 and two of them are directors whose emoluments are disclosed above for the years ended 31 March 2011 and 2012. The emoluments in respect of the five highest paid individuals for the year ended 31 March 2010 and the remaining three individuals for the years ended 31 March 2011 and 2012 are as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Salaries, wages and allowances	2,056	1,991	2,580
Discretionary bonuses	171	188	510
Retirement benefits expenses	58	32	24
	2,285	2,211	3,114

The emoluments of the highest paid individuals fell within the following band:

	Year ended 31 March		
	2010	**2011**	**2012**
HK$Nil – HK$1,000,000	5	3	1
HK$1,000,001 – HK$2,000,000	—	—	2
	5	3	3

During the Relevant Periods, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group. No such emoluments were agreed to be waived by the relevant individuals.

9 FINANCE COSTS

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Interest on finance leases	52	398	1,793
Interest on bank borrowings wholly repayable within 5 years	—	28	304
	52	426	2,097

10 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% for the years ended 31 March 2010, 2011 and 2012 on the estimated assessable profit for the year.

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong profits tax			
— Current year	350	6,297	3,846
Deferred income tax *(Note 22)*	2,001	1,359	2,280
Income tax expense	2,351	7,656	6,126

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	13,182	43,020	31,882
Calculated at a tax rate of 16.5%	2,175	7,098	5,261
Income not subject to tax	—	(461)	(36)
Expenses not deductible for tax purposes	176	1,019	920
Over-provision in prior year	—	—	(19)
Income tax expense	2,351	7,656	6,126

11 EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results for the years ended 31 March 2010, 2011 and 2012 on a combined basis as disclosed in Note 1(d).

12 DIVIDEND

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Final dividend paid	—	—	9,300

During the year ended 31 March 2012, the Group declared and paid a dividend of HK$9,300,000 to its then shareholders.

The rate of dividend and the number of shares ranking for dividend is not presented as such information is not meaningful having regard to the purpose of this report.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery	Office equipment	Motor vehicles	Furniture and fixtures	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 April 2009	—	66,349	1,454	209	534	68,546
Additions	—	36,614	—	—	—	36,614
Disposals	—	(3,700)	(9)	—	—	(3,709)
At 31 March 2010	—	99,263	1,445	209	534	101,451
Accumulated depreciation						
At 1 April 2009	—	8,450	360	146	534	9,490
Charge for the year *(Note 6)*	—	8,212	290	42	—	8,544
Disposals	—	(524)	(5)	—	—	(529)
At 31 March 2010	—	16,138	645	188	534	17,505
Net book value						
At 31 March 2010	—	83,125	800	21	—	83,946
Cost						
At 1 April 2010	—	99,263	1,445	209	534	101,451
Additions	—	75,827	—	855	—	76,682
Disposals	—	(20,549)	—	—	—	(20,549)
Acquisition of subsidiaries	6,600	33,360	12	1,489	—	41,461
Disposal of a subsidiary	(6,600)	—	—	—	—	(6,600)
Write-off	—	—	—	(208)	—	(208)
At 31 March 2011	—	187,901	1,457	2,345	534	192,237
Accumulated depreciation						
At 1 April 2010	—	16,138	645	188	534	17,505
Charge for the year *(Note 6)*	69	20,115	301	660	—	21,145
Disposals	—	(4,117)	—	—	—	(4,117)
Disposal of a subsidiary	(69)	—	—	—	—	(69)
Write-off	—	—	—	(208)	—	(208)
At 31 March 2011	—	32,136	946	640	534	34,256
Net book value						
At 31 March 2011	—	155,765	511	1,705	—	157,981

	Land and buildings HK$'000	Machinery HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost						
At 1 April 2011	—	187,901	1,457	2,345	534	192,237
Additions	—	42,276	—	330	—	42,606
Disposals	—	—	—	(172)	—	(172)
Written off	—	—	(1,022)	—	(277)	(1,299)
At 31 March 2012	—	230,177	435	2,503	257	233,372
Accumulated deprecation						
At 1 April 2011	—	32,136	946	640	534	34,256
Charge for the year *(Note 6)*	—	27,138	292	713	—	28,143
Disposals	—	—	—	(155)	—	(155)
Written off	—	—	(1,022)	—	(277)	(1,299)
At 31 March 2012	—	59,274	216	1,198	257	60,945
Net book value						
At 31 March 2012	—	170,903	219	1,305	—	172,427

(a) Certain machinery was under finance lease in the form of sale and leaseback arrangements. There was no disposal gain or loss recognised for the transactions as the fair value is not significantly different from the carrying value of the relevant machinery.

The net book amount as at 31 March 2010, 2011 and 2012 is analysed as follows:

	As at 31 March		
	2010 HK$'000	2011 HK$'000	2012 HK$'000
Cost — Capitalised finance leases	23,793	110,352	155,830
Accumulated amortisation	(991)	(21,881)	(37,902)
Net book amount	22,802	88,471	117,928

As at 31 March 2011 and 2012, the Group's machinery with an aggregate net book value of HK$15,252,000 and HK$13,536,901 has been pledged for bank borrowings.

(b) Rental income amounting to HK$6,158,000, HK$502,000 and HK$10,551,000 for the years ended 31 March 2010, 2011 and 2012 relating to the lease of machinery is included in the combined statements of comprehensive income (Note 5).

(c) Machinery includes the following amounts where the Group is a lessor under an operating lease:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Cost	10,380	—	7,880
Accumulated depreciation	(1,211)	—	(3,308)
Net book amount	9,169	—	4,572

14 GOODWILL

	HK$'000
At 1 April 2009 and 31 March 2010	—
Acquisition of subsidiaries *(Note 26)*	13,022
At 31 March 2011 and 2012	13,022

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating unit ("CGU") identified which is the foundation business.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. Management estimates the pre-tax discount rate that reflects market assessment of the time value of money and specific risk relating to the industry.

Key assumptions of the financial budgets covering the five-year period and other key assumptions used for value-in-use calculations are as follows:

Average growth rate *(Note a)*	5%
Terminal growth rate	2%
Discount rate *(Note b)*	14%

(a) Average growth rate used in the budget for the five-year period ending 31 March 2017.

(b) The discount rate used is pre-tax and reflects specific risks relating to the relevant business.

(c) Assuming the growth rate decreases by 50 basis points and the discount rate increases by 50 basis points, there is still sufficient headroom and no further impairment charge is required for the goodwill as at 31 March 2012.

15 TRADE AND OTHER RECEIVABLES

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Contract receivables	14,578	45,908	59,398
Retention receivables	1,016	22,334	19,452
Total trade receivables	15,594	68,242	78,850
Other receivables, deposits and prepayments *(Note d)*	3,123	9,266	9,184
	18,717	77,508	88,034

Notes:

(a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 14 to 30 days. Trade receivables are denominated in Hong Kong dollars.

(b) The aging analysis of the contract receivables based on invoice date is as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	13,578	44,440	58,706
31–60 days	—	662	353
61–90 days	—	—	—
Over 90 days	1,000	806	339
	14,578	45,908	59,398

Contract receivables of HK$13,578,000, HK$44,440,000 and HK$58,706,000 as at 31 March 2010, 2011 and 2012 were not yet past due and HK$1,000,000, HK$1,468,000 and HK$692,000 as at 31 March 2010, 2011 and 2012 were past due but not impaired. These relate to contract receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Retention receivables were not yet past due as at 31 March 2010, 2011 and 2012 and were settled in accordance with the terms of respective contracts.

(c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

(d) The amount mainly represents prepayments for purchase of materials and IPO expenses.

16 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Costs plus attributable profits less foreseeable losses	8,610	44,461	13,144
Less: progress billings to date	(5,291)	(40,605)	(10,382)
Amounts due from customers for contract work	3,319	3,856	2,762

There were no advances received from customers for contract work as at 31 March 2010, 2011 and 2012. Progress billings to date include retention receivables of HK$429,000, HK$8,443,000 and HK$1,254,000 as at 31 March 2010, 2011 and 2012.

17 AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder was unsecured, interest-free and repayable on demand.

18 AMOUNT DUE FROM A RELATED COMPANY

(a) Particulars of amount due from a related company disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Name	Balance at 31 March 2010	Balance at 31 March 2011	Maximum balance outstanding during the year ended 31 March 2011	Balance at 31 March 2012	Maximum balance outstanding during the year ended 31 March 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sunnic Holdings Limited	—	59	342	—	59

(b) Sunnic Holdings Limited is owned by certain shareholders of the Company, including Cheng Wing On, Michael, a director of the Company.

(c) Amount due from a related company was unsecured, interest-free and repayable on demand. The amount was settled during the year ended 31 March 2012.

19 CASH AND CASH EQUIVALENTS

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks	1,802	44,602	46,551
Cash on hand	25	58	58
Cash and cash equivalents	1,827	44,660	46,609

Notes:

(a) The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong dollar	1,774	44,599	46,550
Euro	18	20	18
United States dollar	23	23	18
Australian dollar	12	18	23
	1,827	44,660	46,609

(b) Cash at bank earns interest at floating rates based on daily bank deposit rates.

20 BORROWINGS

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Non-current			
Finance lease liabilities *(Note b)*	8,411	62,484	79,770
	8,411	62,484	79,770
Current			
Bank borrowings *(Note a)*	—	14,334	10,563
Finance lease liabilities *(Note b)*	9,945	15,065	18,311
	9,945	29,399	28,874
Total borrowings	18,356	91,883	108,644

Note:

(a) Bank borrowings

Bank borrowings mature until 2015 and bear interest at the prime rate and 2% to 2.5% above one-month Hong Kong Interbank Offered Rate ("HIBOR") per annum respectively, and are subject to annual review.

The bank borrowings are denominated in Hong Kong dollars.

The bank borrowings are classified as current liabilities according to the Interpretation-5, Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. According to the repayment schedule the bank borrowings are repayable as follows:

		As at 31 March	
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	—	4,058	4,527
Between 1 and 2 years	—	4,199	4,225
Between 2 and 5 years	—	6,077	1,811
	—	14,334	10,563

(b) Finance lease liabilities

Lease liabilities are secured as the rights to the leased assets revert to the lessors in the event of default.

		As at 31 March	
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Gross finance lease liabilities — minimum lease payments			
Within 1 year	10,175	16,331	21,527
Later than 1 year and no later than 5 years	8,482	64,972	83,696
	18,657	81,303	105,223
Future finance charges on finance leases	(301)	(3,754)	(7,142)
Present value of finance lease liabilities	18,356	77,549	98,081

The present value of finance lease liabilities is as follows:

		As at 31 March	
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	9,945	15,065	18,311
Later than 1 year and no later than 5 years	8,411	62,484	79,770
	18,356	77,549	98,081

The carrying amounts of all finance leases liabilities are denominated in Hong Kong dollars.

(c) As at 31 March 2010, the Group had committed banking facilities (including the finance lease facilities) of HK$25,610,000 which bore interest at 1.5% per annum above HIBOR.

As at 31 March 2011, the Group had committed banking facilities (including the finance lease facilities) of HK$800,000 and HK$94,955,000 which bore interest at the current prime rate and 1.5% to 2.5% per annum above HIBOR respectively.

As at 31 March 2012, the Group has committed banking facilities (including the finance lease facilities) of HK$800,000 and HK$140,678,000 which bear interest at the current prime rate and 2% to 3.5% per annum above HIBOR respectively.

These committed banking facilities are subject to annual review. As at 31 March 2010, 2011 and 2012, the undrawn banking facilities amounted to HK$7,254,000, HK$3,789,000 and HK$18,980,000 respectively.

These banking facilities are secured by:

(i) The Group's machinery with an aggregate net book value of HK$22,802,000, HK$103,723,000 and HK$131,465,000 as at 31 March 2010, 2011 and 2012 respectively (Note 13); and

(ii) Personal guarantees given by certain directors as at 31 March 2010, 2011 and 2012 respectively. These guarantees will be released on or before the date of listing.

21 TRADE AND OTHER PAYABLES, INCLUDING PROVISION FOR CLAIMS

		As at 31 March	
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	2,056	12,508	25,499
Provision for claims *(Note (d))*	5,513	—	—
Accruals for construction costs	1,209	6,965	1,372
Other accruals *(Note (e))*	6,567	14,856	2,013
	15,345	34,329	28,884

Notes:

(a) The carrying amounts of trade payables approximate their fair values and are denominated in Hong Kong dollars.

(b) Payment terms granted by suppliers are 14 to 60 days from the invoice date of the relevant purchases.

The aging analysis of trade payables based on the invoice date is as follows:

		As at 31 March	
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	2,041	12,193	23,313
31–60 days	15	315	1,413
61–90 days	—	—	97
Over 90 days	—	—	676
	2,056	12,508	25,499

(c) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	As at 31 March		
	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong dollar	15,345	23,747	28,884
Japanese Yen	—	10,582	—
	15,345	34,329	28,884

(d) The amount was provided for claims of a contract dealing with a customer.

(e) Other accruals mainly arise from the purchase of machinery.

22 DEFERRED TAXATION

The analysis of deferred taxation liabilities is as follows:

	As at 31 March		
	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*
— Deferred tax liabilities to be settled after more than 12 months	(9,147)	(14,537)	(17,650)
— Deferred tax liabilities to be settled within 12 months	—	(976)	(143)
	(9,147)	(15,513)	(17,793)

The movements in deferred tax assets and liabilities during the Relevant Periods without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax assets/(liabilities)			
At 31 March 2009	(7,146)	—	(7,146)
Charged to profit or loss *(Note 10)*	(2,001)	—	(2,001)
At 31 March 2010	(9,147)	—	(9,147)
Acquisition of subsidiaries	(5,032)	—	(5,032)
Disposal of a subsidiary	25	—	25
(Charged)/credited to profit or loss *(Note 10)*	(1,474)	115	(1,359)
At 31 March 2011	(15,628)	115	(15,513)
Charged to profit or loss *(Note 10)*	(2,249)	(31)	(2,280)
At 31 March 2012	(17,877)	84	(17,793)

23 COMBINED CAPITAL

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Combined capital	—	—	—

Combined capital during the Relevant Periods represents the combined share capital of the companies comprising the Group after elimination of inter-company investments.

24 CAPITAL AND MERGER RESERVES

(a) Merger reserve

Merger reserve represents the difference between the book value of the share issued by One Million to acquire the entire equity interest in Sunley on 18 May 2010 as described in Note 1(b)(i) above and the then issued share capital of Sunley.

(b) Capital reserve

Capital reserve represents the differences between the book value of the share issued by One Million to acquire the entire equity interests in Sunnic and Full Gain and the fair value of shares issued by Leading Win to each of Mr. Cheng, Mr. Tsui and Mr. Wong and their respective family members as consideration of the acquisition as described in Note 1(b)(ii) and (iii) above. The latter was regarded as a capital contribution by Leading Win to One Million.

25 NOTES TO COMBINED CASH FLOW STATEMENTS

(a) Reconciliation of profit before income tax to net cash generated from operations

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	13,182	43,020	31,882
Adjustments for:			
Depreciation	8,544	21,145	28,143
Gain on disposal of fixed assets	(529)	(3,318)	(64)
Gain on disposal of a subsidiary	—	(336)	—
Interest expense	52	426	2,097
Amortisation of customer contracts arising from acquisition of subsidiaries	—	409	—
Operating profit before working capital changes	21,249	61,346	62,058
(Increase)/decrease in trade and other receivables	(13,739)	10,765	(10,526)
(Increase)/decrease in amounts due from customers for contract work	(3,319)	7,138	1,094
Decrease/(increase) in balances with shareholders	20,000	(22,745)	—
Decrease in balance with a related company	—	324	59
Decrease in trade and other payables, including provision for claims	(11,302)	(27,784)	(5,445)
Net cash generated from operations	12,889	29,044	47,240

(b) Non-cash transactions

(i) The principal non-cash transaction is the settlement of balances with a shareholder, a director and a related company through dividend distribution (Note 12).

(ii) The net cash inflow from the disposal of a subsidiary was settled during the year ended 31 March 2012.

26 BUSINESS COMBINATION

(a) On 8 June 2010, the Group acquired 100% equity interest of Sunnic Engineering Limited ("Sunnic") and its subsidiaries, Super Ease Holdings Limited ("Super Ease") and Sunnic Foundations Limited ("SFL") (together as "Sunnic Group"). On 15 July 2010, the Group acquired 100% equity interest of Full Gain Engineering Limited ("Full Gain"). Both Sunnic and Full Gain are engaged in foundation and machinery rental business in Hong Kong. Super Ease holds certain office units for the use by Sunnic and rental purposes and SFL was inactive and deregistered on 14 January 2011.

(b) Sunnic Group contributed revenue of HK$120,515,000 and net profit of HK$4,690,000 to the Group for the period from the date of acquisition up to 31 March 2011, before elimination of inter-company sales and profit. If the acquisition had occurred on 1 April 2010, the revenue and profit contributed to the Group would have been HK$168,068,000 and HK$6,363,000 for the year ended 31 March 2011, before elimination of inter-company sales and profit.

Full Gain contributed revenue of HK$2,861,000 and net loss of HK$2,379,000 to the Group for the period from the date of acquisition up to 31 March 2011. If the acquisition had occurred on 1 April 2010, the revenues and loss contributed to the Group would have been HK$2,861,000 and HK$2,877,000 for the year ended 31 March 2011.

(c) The following table summarises the consideration paid for the acquisition of Sunnic Group and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Goodwill of HK$11,035,000 arising from the acquisition of Sunnic is attributable to the potential growth expected from the operations of the acquired business. None of the goodwill recognised is expected to be deductible for income tax purposes.

	HK$'000
Consideration:	
— Equity instruments issued by Leading Win as described in Note 1(b)(ii) above	51,573

The fair values of the identified assets and liabilities as of 8 June 2010 arising from the acquisition, based on a valuation carried out by Savills Valuation and Professional Services Limited, an independent professional valuer, are as follows:

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Investment property *(Note a)*	1,000
Property, plant and equipment	35,475
Customer contracts *(Note f)*	409
Trade and other receivables	69,099
Amounts due from customers for contract work	7,675
Cash and cash equivalents	118
Trade and other payables	(46,404)
Bank overdrafts	(414)
Amounts due to directors	(19,793)
Borrowings	(439)
Tax payable	(2,061)
Deferred taxation	(4,127)
Total identified net assets	40,538
Goodwill *(Note f)*	11,035
	51,573

(a) No investment property existed as at 31 March 2011 as Super Ease which owned the property was disposed of on 17 December 2010 (Note 27).

The fair value of the shares issued by Leading Win was based on a valuation carried out by Savills Valuation and Professional Services Limited, an independent professional valuer, using an income-based approach. Key assumptions of the financial budgets covering a five-year period and other key assumptions used for the valuation are as follows:

Average sales growth rate *(Note a)*	5%
Terminal growth rate	2%
Discount rate *(Note b)*	14%

(a) Average sales growth rate used in the budget for the five-year period ending 31 March 2016.

(b) The discount rate used is post-tax and reflects specific risks relating to the relevant business.

The fair value of trade and other receivables of HK$69,099,000 included trade receivables with a fair value of HK$68,905,000 which was expected to be fully collectible.

(d) The following table summarises the consideration paid for the acquisition of Full Gain and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Goodwill of HK$1,987,000 arising from the acquisition of Full Gain is attributable to the potential growth expected from the operations of the acquired business. None of the goodwill recognised is expected to be deductible for income tax purposes.

	HK$'000
Consideration:	
— Equity instruments issued by Leading Win as described in Note 1(b)(iii) above	7,141

The fair values of the identified assets and liabilities as at 15 July 2010 arising from the acquisition, based on a valuation carried out by Savills Valuation and Professional Services Limited, an independent professional valuer, are as follows:

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	5,986
Trade and other receivables	469
Amount due from a shareholder	41
Cash and cash equivalents	5
Trade and other payables	(405)
Tax payable	(37)
Deferred taxation	(905)
Total identified net assets	5,154
Goodwill *(Note f)*	1,987
	7,141

The fair value of the shares issued by Leading Win was based on a valuation carried out by Savills Valuation and Professional Services Limited, an independent professional valuer, using an income-based approach. Key assumptions of the financial budgets covering a five-year period and other key assumptions used for the valuation are as follows:

Average sales growth rate *(Note a)*	5%
Terminal growth rate	2%
Discount rate *(Note b)*	14%

(a) Average sales growth rate used in the budget for the five-year period ending 31 March 2016.

(b) The discount rate used is post-tax and reflects specific risks relating to the relevant business.

(e) The analysis of the net outflow of cash and cash equivalents in respect of the business combinations is as follows:

	HK$'000
Cash consideration	—
Cash and bank balances acquired	123
Bank overdrafts acquired	(414)
Net cash outflow for the acquisition of subsidiaries	(291)

(f) The movement of the intangible assets acquired is as follows:

	HK$'000
At 1 April 2009 and 31 March 2010	—
Acquisition of subsidiaries	
— Goodwill *(Note 14)*	13,022
— Customer contract	409
	13,431
Charged to profit or loss upon completion of the relevant projects	
— Customer contract	(409)
At 31 March 2011 and 2012	13,022

27 DISPOSAL OF A SUBSIDIARY

On 17 December 2010, Super Ease was disposed of to Sunnic Holdings Limited ("Sunnic Holdings"), a related company held by certain shareholders of the Company, for a cash consideration of HK$342,000.

	HK$'000
Net assets disposed:	
Investment property	1,000
Property, plant and equipment	6,531
Trade and other receivables	12
Cash and bank balances	7
Trade and other payables	(41)
Amounts due to directors	(7,478)
Deferred taxation	(25)
	6
Gain from disposal of a subsidiary	336
Satisfied by:	
Cash consideration	342
Cash consideration	342
Cash and bank balances disposed	(7)
Net cash inflow in respect of the disposal of a subsidiary *(Note 25(b))*	335

28 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at each statement of financial position date not provided for in the Financial Information were as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Contracted but not provided for	—	—	20,145

(b) Operating lease commitments — Group as lessee

At each statement of financial position date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Not later than 1 year	255	255	1,331
1–5 years	—	—	1,426
	255	255	2,757

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

(c) Operating lease commitments — Group as lessor

At each statement of financial position date, the total future minimum lease payments receivable under non-cancellable operating leases are receivable as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Not later than 1 year	—	—	103

The Group is the lessor in respect of a number of items of machinery under operating leases. The leases had an initial period of one to two years, and did not include any contingent rentals.

29 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) During the years ended 31 March 2010, 2011 and 2012, the related parties that had transactions with the Group were as follows:

Name of related parties	**Relationship with the Group**	**Period covered**
Full Gain	A related company wholly owned by the shareholders of Sunnic Group before the acquisition made by the Group	From 8 June 2010 (date of acquisition of Sunnic Group) to 15 July 2010
Super Ease	A related company wholly owned by certain shareholders of the Group	From 17 December 2010 (date of disposal) to 31 March 2012
Sunnic Holdings	A related company wholly owned by certain shareholders of the Group	From 8 June 2010 (date of acquisition of Sunnic Group) to 31 March 2012

(b) The following is a summary of significant related party transactions, in addition to those disclosed elsewhere in the financial information, which were carried out in accordance with the terms agreed between the Group and the related parties and in the ordinary and usual course of business:

	Year ended 31 March	
	2011	**2012**
	HK$'000	*HK$'000*
Continuing transactions		
Rent paid to		
— Super Ease	71	285
— Sunnic Holdings	72	285
	143	570
Discontinued transactions		
Cost of construction paid to		
— Full Gain	4,892	—
Disposal of a subsidiary *(Note 27)*		
— Sunnic Holdings	342	—

(c) The emoluments of the directors and a senior executive (representing the key management personnel) during the Relevant Periods are disclosed in Note 8.

(d) The Group had the following balance with a related party:

	As at 31 March	
	2011	**2012**
	HK$'000	*HK$'000*
Receivable from a related party		
— Sunnic Holdings *(Note 18)*	59	—

30 CONTINGENT LIABILITIES

(a) At each statement of financial position date, the Group had the following contingent liabilities:

		As at 31 March	
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Guarantees on performance bonds in respect of contracts	3,447	—	5,492

(b) Pending litigation

As at 31 March 2012, there were two outstanding personal injuries cases made against the Group. The claims were related to employees of the Group who alleged to have suffered from bodily injuries during their course of employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The directors of the Company assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the Financial Information.

Further, as at 31 March 2012, there were nineteen outstanding cases under which the injured employees of the Group were still on sick leave for their injuries. These injured employees, except for one employee who has subsequently made a claim against the Group, had not yet commenced their claims for employee's compensation and/or personal injuries. These cases were within the limitation period of 3 years from the date of the relevant incidents. The claims, when filed, will be handled by solicitors appointed by their insurers. Whilst the directors of the Company are not in a position to assess the likely quantum of such potential claims, they confirmed that the Group has insurance covered for its liabilities of all these incidents should the claims arise.

31 SUBSEQUENT EVENTS

The following events took place subsequent to 31 March 2012:

On 23 May 2012, there was one outstanding personal injury case made against the Group. The claim was related to an employee of the Group who alleged to have suffered from bodily injuries during the course of employment in the Group's construction site. The claim is dealt with and handled by the insurer and is covered by mandatory insurance. The directors of the Company assessed the case and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the case in the Financial Information.

Subsequent to 31 March 2012 and up to the date of this report, there were three additional outstanding cases under which the injured employees of the Group were still on sick leave for their injuries. These injured employees had not yet commenced their claims for employee's compensation and/or personal injuries. These cases were within the limitation period of 3 years from the date of the relevant incidents. The claims, when filed, will be handled by solicitors appointed by their insurers. Whilst the directors of the Company are not in a position to assess the likely quantum of such potential claims, they confirmed that the Group has insurance covered for its liabilities of all these incidents should the claims arise.

On 30 August 2012, two charges were laid by the Labour Department of the Government of the Hong Kong Special Administrative Region to the Group in relation to an accident which occurred on 5 March 2012 alleging the Group's failure to provide a safe environment to its workers working on site. No pleas have been taken for both summonses up to the date of this report as the Group's first appearance at the Magistrates' Court will be held on 27 September 2012. The Group believes that it had, so far as reasonably practicable, provided safe environment to all its workers working on site and will resist both charges. In the event the Group is unsuccessful and convicted, the Group may be subject to a fine at a maximum amount of HK$1,000,000 which will not be covered by the Group's insurance policies. Management considers that it is too early for management to make a reliable estimate of the amount of liability, if any, in connection with the two charges. In addition, the Controlling Shareholders have entered into a deed of indemnity with and in favour of the Group to provide indemnities in respect of all claims, payments, suits, damages, settlements payments and any associated costs and expenses which would be incurred or suffered by the Group as a result of these two proceedings. In the event the Group exercises the deed of indemnity, such indemnities will be recognised as a credit to equity as contribution from the Controlling Shareholders.

Pursuant to a resolution in writing of the shareholders of the Company passed on 11 September 2012, conditional on the share premium account of the Company being credited as a result of the issue of the shares pursuant to the initial public offering and subject to the final number of shares to be issued under the initial public offering (excluding the Offer Size Adjustment Option) as disclosed in the Prospectus, the directors are authorised to capitalise an amount of not exceeding HK$2,240,000 standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par of such number of shares for allotment and issue to the shareholders of the Company as at the date of the Prospectus in accordance with their respective shareholding.

32 ADDITIONAL FINANCIAL INFORMATION OF SUNNIC GROUP BEFORE ACQUISITION

The financial information of Sunnic Group for the years ended 31 March 2010 and for the period from 1 April 2010 to 8 June 2010 is as follows:

(a) Consolidated statements of comprehensive income

	Note	Year ended 31 March 2010 HK$'000	Period from 1 April to 8 June 2010 HK$'000
Revenue	*(i)*	186,150	47,553
Cost of sales	*(ii)*	(165,552)	(43,882)
Gross profit		20,598	3,671
Other income and net gains	*(i)*	437	20
Administrative expenses	*(ii)*	(11,356)	(1,700)
Increase in fair value of investment property		170	—
Operating profit		9,849	1,991
Finance costs		(217)	(14)
Profit before income tax		9,632	1,977
Income tax expense	*(iv)*	(1,593)	(304)
Profit and total comprehensive income for the year/period		8,039	1,673

(b) Consolidated statements of financial position

	Note	As at 31 March 2010 HK$'000	As at 8 June 2010 HK$'000
ASSETS			
Non-current assets			
Investment property		720	720
Property, plant and equipment		21,628	19,574
		22,348	20,294
Current assets			
Amounts due from customers for contract work	*(v)*	6,820	7,675
Trade and other receivables	*(vi)*	60,374	69,099
Amount due from a director		1,913	—
Cash and bank balances		3,096	118
		72,203	76,892
Total assets		94,551	97,186
EQUITY			
Share capital		9,300	9,300
Retained profits		33,167	17,170
Shareholders' funds		42,467	26,470
LIABILITIES			
Non-current liabilities			
Borrowings		180	—
Deferred taxation		1,605	1,605
		1,785	1,605
Current liabilities			
Trade and other payables	*(vii)*	44,733	46,404
Amounts due to directors		3,466	19,793
Borrowings		343	439
Bank overdrafts		—	414
Tax payable		1,757	2,061
		50,299	69,111
Total liabilities		52,084	70,716
Total equity and liabilities		94,551	97,186
Net current assets		21,904	7,781
Total assets less current liabilities		44,252	28,075

(c) Consolidated statements of changes in equity

	Share capital *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Balance at 1 April 2009	8,220	25,128	33,348
Proceeds from issuance of shares	1,080	—	1,080
Profit and total comprehensive income for the year	—	8,039	8,039
Balance at 31 March 2010	9,300	33,167	42,467
Balance at 1 April 2010	9,300	33,167	42,467
Profit and total comprehensive income for the period	—	1,673	1,673
Dividend paid	—	(17,670)	(17,670)
Balance at 8 June 2010	9,300	17,170	26,470

(d) Consolidated cash flows statements

	Year ended 31 March 2010 *HK$'000*	Period from 1 April to 8 June 2010 *HK$'000*
Cash flows from operating activities		
Profit before income tax	9,632	1,977
Adjustments for:		
Depreciation	3,562	725
Increase in fair value of investment property	(170)	—
Operating profit before working capital changes	13,024	2,702
Decrease/(increase) in amounts due from customers for contract work	6,453	(855)
Increase in trade and other receivables	(15,637)	(10,632)
Increase in trade and other payables	15,688	1,671
Cash generated/(used in) from operations	19,528	(7,114)
Hong Kong profits tax paid	(130)	—
Net cash generated/(used in) from operating activities	19,398	(7,114)
Cash flows from investing activities		
Purchase of fixed assets	(13,232)	—
Proceeds from disposal of fixed assets	—	1,329
Net cash (used in)/generated from investing activities	(13,232)	1,329
Cash flow from financing activities		
Proceeds from issuance of shares	1,080	—
Repayment of borrowings	(323)	(84)
(Decrease)/increase in balances with directors	(701)	2,477

	Year ended 31 March 2010	Period from 1 April to 8 June 2010
	HK$'000	*HK$'000*
Net cash generated from financing activities	56	2,393
Net increase/(decrease) in cash and cash equivalents	6,222	(3,392)
Cash and cash equivalents at beginning of the year/period	(3,126)	3,096
Cash and cash equivalents at end of the year/period	3,096	(296)
Cash and cash equivalents		
Cash and bank balances	3,096	118
Bank overdrafts	—	(414)
	3,096	(296)

(e) Note to the financial information

(i) Turnover and other income and net gains

Sunnic Group is principally engaged in general contracting, building and civil engineering business as well as the machinery rental business. Revenue represents gross contract receipts on construction contracts and rental income on machinery in the ordinary course of business. Turnover and other income and net gains recognised during the year/period are as follows:

	Year ended 31 March 2010	Period from 1 April to 8 June 2010
	HK$'000	*HK$'000*
Revenue		
Construction contracts income	185,601	47,508
Rental income on machinery	549	45
	186,150	47,553
Other income and net gains		
Consultancy fee income	155	—
Profit on disposal of leftover construction materials	75	—
Gain on disposal of property, plant and equipment	207	—
Others	—	20
	437	20
	186,587	47,573

The directors of Sunnic Group regard the business as a single operating segment and review financial information accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

(ii) Expenses by nature

The breakdown of cost of sales and administrative expenses is analysed as follows:

	Year ended 31 March 2010 *HK$'000*	Period from 1 April to 8 June 2010 *HK$'000*
Cost of sales		
Construction materials costs	158,339	42,153
Staff costs *(Note iii)*	4,138	1,083
Depreciation	3,075	646
	165,552	43,882
Administrative expenses		
Auditor's remuneration	28	280
Staff costs, include directors' emoluments *(Note iii)*	6,908	991
Depreciation	487	79
Operating lease rental on land and buildings	967	127
Professional fees	773	84
Other expenses	2,193	139
	11,356	1,700
Total cost of sales and administrative expense	176,908	45,582

(iii) Employee benefit expenses — including directors' emoluments

	Year ended 31 March 2010 *HK$'000*	Period from 1 April to 8 June 2010 *HK$'000*
Wages, salaries and allowances	10,679	1,993
Retirement benefit costs		
— defined contribution plan	367	81
	11,046	2,074

Directors' emoluments

	Year ended 31 March 2010 *HK$'000*	Period from 1 April to 8 June 2010 *HK$'000*
Wages, salaries and allowances	1,514	266
Retirement benefit costs		
— defined contribution plan	36	6
	1,550	272

(iv) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year/period.

	Year ended 31 March 2010 *HK$'000*	**Period from 1 April to 8 June 2010** *HK$'000*
Current income tax		
Hong Kong profits tax		
— current year	1,165	304
Deferred income tax	428	—
	1,593	304

The taxation on Sunnic Group's profit before income tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong, Sunnic Group's principal place of operation, as follows:

	Year ended 31 March 2010 *HK$'000*	**Period from 1 April to 8 June 2010** *HK$'000*
Profit before income tax	9,632	1,977
Calculated at taxation rate of 16.5%	1,589	326
Tax effect of net income/expenses that are not taxable/ deductible in determining taxable profit	4	(22)
Income tax expense	1,593	304

(v) Amounts due from customers for contract work

	As at 31 March 2010 *HK$'000*	**As at 8 June 2010** *HK$'000*
Cost plus attributable profits less foreseeable losses	114,493	162,001
Less: progress billings to date	(107,673)	(154,326)
	6,820	7,675

(vi) Trade and other receivables

	As at 31 March 2010 *HK$'000*	**As at 8 June 2010** *HK$'000*
Contract and retention receivables	54,494	54,528
Amounts due from related companies	5,667	14,377
Other receivables and prepayments	213	194
	60,374	69,099

(vii) Trade and other payables

	As at 31 March 2010	As at 8 June 2010
	HK$'000	*HK$'000*
Trade payables	44,252	45,756
Accruals for construction costs	—	240
Other payables and accruals	481	408
	44,733	46,404

33 ADDITIONAL FINANCIAL INFORMATION OF FULL GAIN BEFORE ACQUISITION

The financial information of Full Gain for the year ended 31 March 2010 and for the period from 1 April 2010 to 15 July 2010 is as follows:

(a) Statements of comprehensive income

		Year ended 31 March 2010	Period from 1 April to 15 July 2010
	Note	*HK$'000*	*HK$'000*
Revenue	*(i)*	22,570	14,419
Cost of sales	*(ii)*	(18,340)	(11,729)
Gross profit		4,230	2,690
Other income	*(i)*	362	95
Administrative expenses	*(ii)*	(5,069)	(1,678)
(Loss)/profit before income tax		(477)	1,107
Income tax expense	*(iv)*	—	(23)
(Loss)/profit and total comprehensive (loss)/income for the year/period		(477)	1,084

(b) Statements of financial position

	Note	As at 31 March 2010 HK$'000	As at 15 July 2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,199	1,091
Current assets			
Amount due from a shareholder		40	41
Trade and other receivables	*(v)*	514	469
Cash and bank balances		77	5
		631	515
Total assets		1,830	1,606
EQUITY			
Share capital		1	1
(Accumulated losses)/retained profits		(18)	1,066
Shareholders' (deficit)/funds		(17)	1,067
LIABILITIES			
Non-current liabilities			
Deferred taxation		74	97
Current liabilities			
Trade and other payables	*(vi)*	1,736	405
Tax payable		37	37
		1,773	442
Total liabilities		1,847	539
Total equity and liabilities		1,830	1,606
Net current (liabilities)/assets		(1,142)	73
Total assets less current liabilities		57	1,164

(c) Statements of changes in equity

	Share capital	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 April 2009	1	459	460
Loss and total comprehensive loss for the year	—	(477)	(477)
Balance at 31 March 2010	1	(18)	(17)
Balance at 1 April 2010	1	(18)	(17)
Profit and total comprehensive income for the period	—	1,084	1,084
Balance at 15 July 2010	1	1,066	1,067

(d) Cash flow statement

	Year ended 31 March 2010	Period from 1 April to 15 July 2010
	HK$'000	*HK$'000*
Cash flows from operating activities		
(Loss)/profit before income tax	(477)	1,107
Adjustments for:		
— Depreciation	193	108
Operating (loss)/profit before working capital changes	(284)	1,215
Decrease in trade and other receivables	445	44
Increase/(decrease) in trade and other payables	939	(1,331)
Net cash generated from/(used in) operating activities	1,100	(72)
Cash flows from investing activities		
Purchase of fixed assets	(1,044)	—
Net cash used in investing activities	(1,044)	—
Net increase/(decrease) in cash and cash equivalents	56	(72)
Cash and cash equivalents at beginning of the year/period	21	77
Cash and cash equivalents at end of the year/period	77	5

(e) Note to the financial information

(i) Turnover and other income

Full Gain is principally engaged in general contracting, building and civil engineering business as well as the machinery rental business. Revenue represents gross contract receipts on construction contracts and rental income on machinery in the ordinary course of business. Turnover and other income recognised during the year/period are as follows:

	Year ended 31 March 2010 *HK$'000*	Period from 1 April to 15 July 2010 *HK$'000*
Revenue		
Construction contract income	22,241	14,419
Rental income on machinery	329	—
	22,570	14,419
Other income		
Sundry income	362	95
	22,932	14,514

The directors of Full Gain regard the business as a single operating segment and review financial information accordingly. Also, the Company only engages its business in Hong Kong. Therefore, no segment information is presented.

(ii) Expenses by nature

The breakdown of cost of sales and administrative expenses is analysed as follows:

	Year ended 31 March 2010 *HK$'000*	Period from 1 April to 15 July 2010 *HK$'000*
Cost of sales		
Construction materials costs	10,699	6,816
Staff costs *(Note iii)*	7,339	4,458
Machinery rental expenses	244	386
Depreciation	58	69
	18,340	11,729
Administrative expenses		
Auditor's remuneration	10	120
Staff costs *(Note (iii))*	3,713	1,001
Motor vehicle expenses	371	152
Repair and maintenance	749	311
Depreciation	135	39
Other expenses	91	55
	5,069	1,678
Total cost of sales and administrative expenses	23,409	13,407

(iii) Employee benefit expenses — including directors' emoluments

	Year ended 31 March 2010 *HK$'000*	Period from 1 April to 15 July 2010 *HK$'000*
Wages, salaries and allowances	10,608	5,247
Retirement benefits costs — defined contribution plan	444	212
	11,052	5,459

Directors' emoluments

Directors are regarded as key management. No fees or other emoluments were paid to the directors in respect of their services to Full Gain nor were any payable during the year ended 31 March 2010 and the period from 1 April 2010 to 15 July 2010.

(iv) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the years/period.

	Year ended 31 March 2010 *HK$'000*	Period from 1 April to 15 July 2010 *HK$'000*
Hong Kong profits tax		
— Current year	—	—
Deferred income tax	—	23
Income tax expense	—	23

The taxation on Full Gain's profit/(loss) before income tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong, Full Gain's principal place of operation, as follows:

	Year ended 31 March 2010 *HK$'000*	Period from 1 April to 15 July 2010 *HK$'000*
(Loss)/profit before income tax	(477)	1,107
Calculated at taxation rate of 16.5%	(79)	183
Tax effect of net income/ expenses that are not taxable/deductible in determining taxable profit	—	(160)
Recognised tax losses	79	—
Income tax expense	—	23

(v) *Trade and other receivables*

	As at 31 March 2010 *HK$'000*	As at 15 July 2010 *HK$'000*
Amount due from a related company	—	13
Other receivables	511	453
Deposits and prepayments	3	3
	514	469

(vi) *Trade and other payables*

	As at 31 March 2010 *HK$'000*	As at 8 June 2010 *HK$'000*
Trade payables	556	250
Amount due to a related company	1,085	—
Other payables	95	155
	1,736	405

III FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on 15 April 2011 in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 per share and has not entered into any significant business transactions other than the Reorganisation. As at 31 March 2012, the Company had a share capital of HK$0.01 and an amount due from shareholder of HK$0.01.

IV SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2012 up to the date of this report. On 28 May 2012, Sunley declared a dividend of HK$20,000,000 to One Million which was paid on 30 May 2012. On 28 May 2012, One Million declared a dividend of HK$20,000,000 to Leading Win which was paid on 30 May 2012. Save as disclosed in this report, no dividend has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2012.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong