Vision Fame International Holding Limited
允升國際控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code : 1315

Annual Report 2013

Contents

Corporate Information

Executive Directors

Wang Zhijun *(Chairman)*
Hu Baoyue

Independent Non-Executive Directors

Ren Yunan
Chiu Sai Chuen Nicholas
Tam Tak Kei Raymond

Company Secretary

Lam Yuen Ling Eva

Audit Committee

Tam Tak Kei Raymond *(Chairman)*
Ren Yunan
Chiu Sai Chuen Nicholas

Remuneration Committee

Ren Yunan *(Chairman)*
Wang Zhijun
Hu Baoyue
Chiu Sai Chuen Nicholas
Tam Tak Kei Raymond

Nomination Committee

Wang Zhijun *(Chairman)*
Hu Baoyue
Ren Yunan
Chiu Sai Chuen Nicholas
Tam Tak Kei Raymond

Registered Office

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Flat A, 2/F, Fuk On Building, 1123 Canton Road, Mongkok, Kowloon, Hong Kong

Compliance Adviser

China Everbright Capital Limited
17th floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

Authorized Representatives

Hu Baoyue
Lam Yuen Ling Eva

Auditor

SHINEWING (HK) CPA Limited
43/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong

Legal Advisers

As to Hong Kong law
Loong & Yeung
Suites 2001–2005, 20/F, Jardine House,
1 Connaught Place,
Central, Hong Kong

As to the Cayman Islands law
Appleby
2206–19 Jardine House, 1 Connaught Place,
Central, Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
DBS Bank (Hong Kong) Limited
BNP Paribas Hong Kong Branch
Oversea-Chinese Banking Corporation Limited
Hong Kong Branch
DBS Bank
Malayan Banking Berhad

Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre, Town Place,
33 Lockhart Road, Wanchai, Hong Kong

Company Website

www.visionfame.com

Chairman's Statement

The Group has achieved a prosperous and good performance in all core business segments. We have recorded solid growth in revenues in both Hong Kong and Singapore markets.

I was appointed Chairman of the board (the "Board") of directors (the "Directors") of Vision Fame International Holding Limited ("Vision Fame" or the "Company", together with its subsidiaries (the "Group")) in May 2013. It is my pleasure to present the annual results of the Group for the year ended 31 March 2013. This is my first annual results after the change of controlling shareholder of the Company (the "Shareholders") on 13 March 2013. The change was a major landmark for the development of the Group. The financial position of the Group would be further strengthened which enables the Group to seize more business opportunities.

Business Review

Vision Fame is principally engaged in the construction and related businesses in Hong Kong, Singapore and Macau. As a main contractor, key services provided by the Group include (a) building construction services, (b) property maintenance services, and (c) alterations, renovation, upgrading works and fitting-out works ("A&A works") services.

During the year ended 31 March 2013, the Group's business in its core markets Hong Kong and Singapore both delivered reasonable growth.

The Group reported turnover of HK$965 million in the year ended 31 March 2013, representing an increase of approximately 46% from last year. Overall gross profit margin of the Group decreased from 13.5% to 7.4%. The gross profit margin decreased because the gross profit of last year was primarily benefited from several luxurious and high-end fitting out projects for an international casino gaming resort in Singapore last year which had a relatively higher gross profit.

Hong Kong

In the year ended 31 March 2013, the Group had won 9 new contracts with total contract sum of approximately HK$550 million. Among which, we have secured notable contracts A&A works of commercial complex with The Link Management Ltd, A&A works at Harbour City in Tsim Sha Tsui and slopes maintenance works with the Government of the Hong Kong Special Administrative Region.

Surging cost of managerial, supervisory professional and skilled labor wages affected our profitability in the year ended 31 March 2013 and would be our major challenges in coming years. The Group would implement methods to curb costs and strengthen operation efficiency.

Singapore

During the year ended 31 March 2013, the Group had won 2 new contracts with total contract sum of approximately HK$618 million. We have secured a building construction contract from the Housing Development Board in Singapore with total sum of HK$452 million and a building construction contract with a prestigious property developer with contract sum HK$166 million.

In addition, our Singapore office has also developed provision of foundation work services for residential developments. During the year ended 31 March 2013, we have incorporated a jointly controlled entity, Keat Seng — Vision Foundation JV Pte Ltd to provide foundation work services.

Macau

The expanding leisure and gaming market in Macau would provide more contracts and opportunities. In the past few years, the Group has been engaged in various constructions and fitting-out works for mega entertainment and gaming resorts in Macau. With our extensive experience and market knowledge, our strategy re-entry into the market will open up substantial opportunities for further growth in the future.

A Bright Prospect

The construction industry of the Group's current core geographical areas including Hong Kong, Singapore and Macau will remain energetic and continue to grow in coming years. The positive business environment would provide and further initiate abundant opportunities to our respective three business segments. The bright outlook is also substantiated by high levels of outstanding workload.

Benefiting from many major infrastructure projects and more ambitious public housing policies as implemented by the Government of Hong Kong, the outlook of construction industry in Hong Kong is prosperous.

In Singapore, implementation of several mega size infrastructure projects and residential development scheme, the Group is very optimistic about the growth of construction business in the country.

In Macau, gaming industry continue to grow vigorously. Majority of the major casino operators have announced or commenced their further plans on casino and hotel developments, the Group would benefit from their rapid expansion in the market.

Although the outlook of our core markets is very promising, it will bring both business opportunities and operating risk. The tremendous increasing demand of construction professionals, skilled labors and construction machines and equipment, as well as the increased of industry competition would continuously drive up the construction cost and would deprive our profit margin. In order to ensure reasonable returns to shareholders of the Company (the "Shareholders") and sustainable growth, we have implemented a conservative approach when tendering and taking on new projects. We also have worked closely with our subcontractors and suppliers, developed construction initiatives in technology and design for effective and efficient production and reduced in demand for manpower to control cost.

We believe that continuous economic growth of the People's Republic of China ("PRC") will offer further market opportunities. The Group will commence to develop business in PRC going forward. Our business plan will include provision of (a) building construction services to well-established property developers, (b) property maintenance services, (c) A&A works services, (d) landscaping services, (e) property management and (f) property investment and development.

In relation to provision of building construction services, we are also exploring potential merger and acquisition opportunities with major local construction companies in PRC for further expansion of our construction business and long-term development of the Group.

The Group strongly believe that there have been a robust demand to uplift the standard no matter in areas of building constructions, property maintenance, A&A works, landscaping services, property management and property development in PRC. Such business will provide a very good opportunity to leverage professional experience of our management team gained in the past and to invest building construction and management, property management, property investment and development business.

Apart from conventional construction business in Hong Kong, Singapore and Macau, the Group would actively explore construction related businesses, property management, property investment and development in PRC. We have strong confidence that the new business would definitely be one of the Group's key growth drivers. Besides the expanding capacity of the Group enable us to grasp the continuous rising opportunities in PRC. The Group will keep close eyes on the developments which deliver maximized returns.

With our broadened business scope and geographical base, quality track record and strong client base support by our competent and professional team, I am confident that the Group will advance healthy and strongly.

Acknowledgements

On behalf of the Board, I would like to thank my fellow Board members, Vision Fame colleagues for their continued contribution and commitment. I also thank our Shareholders, clients, subcontractors, suppliers and business partners for their great and continued support.

I look forward to achieving more successful in the future!

Wang Zhijun
Chairman
27 June 2013

Management Discussion and Analysis

(1) Results for the Year

For the year ended 31 March 2013, the Group reached a turnover of approximately HK$965 million, representing an increase of approximately HK$303 million or approximately 46% from turnover of last year (i.e. approximately HK$662 million) year-on-year. The Group achieved a prosperous and solid growth in turnover in all core business segments. The Group's turnover grew in both Hong Kong and Singapore markets. As reported in last year's annual report of the Company, our order books were replenished and our resulting turnover has reflected the rise of business. The increase in turnover was mainly contributed by the building construction segment in Singapore and A&A works segment in Hong Kong. During the reporting period, a construction project in Singapore has been operated in full swing and another construction project in Singapore has also been commenced, resulting in more revenue to recognize. In addition, the increase in turnover was also contributed by more A&A works completed in Hong Kong during the reporting period as the market has maintained a continuous favourable condition.

Consolidated gross profit for the reporting period was approximately HK$71,163,000 and the gross profit margin was approximately 7.4% whilst the comparative figures for the year ended 31 March 2012 were HK$89,063,000 and 13.5% respectively. The gross profit and gross profit margin for the year ended 31 March 2012 was higher. The gross profit margin decreased because last year's gross profit was primarily benefited from several luxurious and high-end fitting out projects with higher gross profit for an international casino gaming resort in Singapore last year.

During the reporting period, the Group had entered into 11 new contracts with total contract value amounting to approximately HK$1,168 million of which, 2 contracts with contract value of approximately HK$617 million were of the building construction segment, 1 contract with contract value of approximately HK$281 million was of the property maintenance segment and 8 contracts with contract value of approximately HK$270 million were of the A&A works segment. As at 31 March 2013, the Group had projects in progress with total contract value of approximately HK$2,936 million.

Soon after the end of the reporting period up to the date of the result announcement of the Company dated 27 June 2013, the Group has entered into two new contracts in aggregate of approximately HK$25 million.

Other income for the reporting period was approximately HK$3,783,000 representing a substantial decrease of approximately HK$12,705,000 as compared with last year's other income of approximately HK$16,488,000. The decrease was mainly contributed by the recovery of interest income in last year from a recovery proceeding of the Group which was made against one of our customers in relation to disputes for the final account for a building construction project completed in 2001.

Share of profit of an associate of approximately HK$7,462,000 represented profit contributed from an associated company of the Company, Castilia Development Pte Ltd, in Singapore. The residential apartments of the said associated company were handed over to the buyers during the year resulting recognition of profit from sales of the residential apartments.

For the year ended 31 March 2013, profit attributable to owners of the Company decreased to approximately HK$25,873,000 as compared with approximately HK$32,964,000 for the year ended 31 March 2012.

Decrease in profit of the Group was mainly attributed to the luxurious and high-end fitting out projects for an international casino gaming resort in Singapore last year were not recurring in nature.

The basic earnings per share of the Company (the "Shares(s)") for the year ended 31 March 2013 was HK8.6 cents compared to HK12.7 cents for the year ended 31 March 2012.

(2) Review of Operations

(i) Building Construction

Building construction segment has demonstrated its underlying strength that revenue for the year was approximately HK$330,760,000 (year ended 31 March 2012: approximately HK$243,453,000). Segment profit for the reporting period was approximately HK$24,941,000 compared with approximately HK$31,129,000 in 2012. The result for the Group in this segment during the reporting period increased in segment revenue but decreased in segment profit. The increase in segment revenue was mainly due to a construction project in Singapore has been operated in full swing and another construction project in Singapore has also been commenced which resulting in more segment revenue being recorded during the reporting period. However, the decrease in segment profit was primarily contributed by a recovery of revenue in the year ended 31 March 2012 in relation to disputes with one of our customers for the final contract amount for a building construction project completed in 2001.

(ii) Property Maintenance

The property maintenance segment reported a moderate but continuous growth in revenue. The segment revenue for the year was approximately HK$168,626,000, up by 7% from approximately HK$157,201,000 in 2012 and segment profit was approximately HK$11,980,000 grew by 20% from approximately HK$10,012,000 in 2012. The overall result for the Group in this segment was a moderate growth in both segment revenue and segment profit. The increase in both segment revenue and segment profit mainly due to a property maintenance term contract was in full swing, in particular more work orders being awarded and completed resulting more revenue and profit have been recognized during the reporting period. Despite the rising costs, the Group managed to maintain segment profits percentage comparable to that of last year. The Group would continue implementing methods to control project costs and strengthen operation efficiency.

(iii) Alterations, renovation, upgrading and fitting-out works

With good amount of contracts intakes in 2012, revenue for the A&A works segment for the reporting period was approximately HK$466,000,000 (year ended 31 March 2012: approximately HK$261,049,000) and segment profit was approximately HK$36,028,000 (year ended 31 March 2012: approximately HK$60,343,000). Turnover recorded in Hong Kong market has increased by HK$267 million (i.e. approximately 134%). The overall result for the Group in this segment was increase in segment revenue associated with decrease in segment profit and segment profit margin as compared with last year.

The higher segment profit and profit margin of last year primarily benefited from the luxurious and high-end fitting out projects for an international casino gaming resort in Singapore last year.

During the reporting period, the A&A works segment worked on many prestigious projects including construction of several lift towers for Hong Kong Housing Authority, alteration and addition works at the Harbour City and various alteration and addition works for The Link Management Ltd.

(3) Financial Position

The Group mainly relies upon funds generated internally together with bank borrowings to finance its operations and expansion.

As at 31 March 2013, the Group's total cash in hand was approximately HK$98,019,000 (as at 31 March 2012: approximately HK$109,194,000).

The portfolio of the currencies of bank deposits is listed as follow:

	31 March 2013 '000	31 March 2012 '000
Hong Kong Dollars	**53,323**	76,176
United States Dollars	**853**	853
Singapore Dollars	**6,045**	3,558
Macao Patacas	**273**	3,765

During the reporting period, the Group has no financial instrument for currency hedging purpose.

The Group has certain portion of bank balances and cash denominated in currencies other than the functional currency of the entity to which they relate. The Group currently does not have any financial instruments for currency hedging purpose but will consider hedging significant foreign currency exposure should the need arise.

Whereas total interest bearing borrowings have reduced significantly from 31 March 2012 of approximately HK$66,599,000 to 31 March 2013 of approximately HK$48,500,000. All borrowings were denominated in Hong Kong Dollars. The total amounts of bank borrowings as at 31 March 2013 were repayable within one year based on the scheduled repayment dates set out in the loan agreements. The Group show improved cash position that the Group's net cash balance have increased moderately from 31 March 2012 of approximately HK$42,595,000 to 31 March 2013 of approximately HK$49,519,000.

The bank borrowings are secured by the Group's property, certain bank deposits and benefits under certain construction contracts. At the end of the reporting period, the Group had pledged the following assets to banks and an insurance company to secure the banking facilities and performance bonds granted to the Group:

	31 March 2013 HK$'000	31 March 2012 HK$'000
Property, plant and equipment	**7,920**	8,100
Other receivables	**15,681**	16,696
Bank deposits	**47,901**	43,197
	71,502	67,993

All the bank borrowings of the Group are arranged on a floating rates basis. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary. At 31 March 2013, the Group has been granted total banking facilities of approximately HK$259,434,000 (as at 31 March 2012: approximately HK$195,989,000). An amount of approximately HK$173,697,000 (as at 31 March 2012: approximately HK$105,868,000) remained unutilized.

(4) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2013 and 31 March 2012 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statements of financial position. To minimise the credit risk, the management of the Group has delegated a team to be responsible for determining the monitoring procedures to ensure that follow-up action will be taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables regularly at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

(5) Liquidity and Financial Resources

The Group's liquidity and gearing ratio remain well managed as of year end. As at 31 March 2013, the gearing ratio of the Group was approximately 11.4% (31 March 2012: approximately 17.1%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at reporting date multiplied by 100%. The gearing ratio improved because of substantially reduced secured bank borrowings as at 31 March 2013 as compared to 31 March 2012 due to repayment made to banks as at 31 March 2013.

As at 31 March 2013, current assets and current liabilities were stated at approximately HK$361,341,000 (as at 31 March 2012: approximately HK$348,224,000) and approximately HK$200,669,000 (as at 31 March 2012: approximately HK$191,579,000), respectively. Current ratio decreased slightly from 1.82 times of 31 March 2012 to 1.80 times of 31 March 2013. The current ratio is calculated by dividing current assets with current liabilities as at the end of respective period.

The management and control of the Group's financial, capital management and external financing functions are monitored centrally by our Group's finance department in Hong Kong. The Group adheres to prudent principles in relation to financial management in order to control and minimize financial and operational risks.

The Group's financial position is sound and strong. With its available bank balances and cash and existing available bank credit facilities, the Group has sufficient liquidity and financial resources to satisfy its foreseeable financial requirements.

(6) Contingent Liabilities and Capital Commitments

At the end of each reporting period, the Group had provided the following guarantees:

	31 March 2013 HK$'000	31 March 2012 HK$'000
Guarantees in respect of performance bonds in favor of its clients	129,506	83,359
Guarantee given to a bank in respect of banking facilities granted to an associate	—	14,227
	129,506	97,586

At the end of the reporting year, the Directors considered that the fair value of the financial guarantee is insignificant.

The Group did not have any significant capital commitment as at 31 March 2013 and 31 March 2012.

(7) Available-For-Sale Investments

As at 31 March 2013, the Group has available-for-sale investments of approximately HK$14,883,000 (as at 31 March 2012: approximately HK$13,030,000), which comprised primarily investment in the listed shares of a listed company in Singapore, HLH Group Limited. As at 31 March 2013, the Group held 89,400,000 shares (as at 31 March 2012: held 89,400,000 shares). The fair values of the above listed shares are determined based on the quoted bid prices available on the Singapore Exchange Limited.

(8) Use of net proceeds from listing

The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange") on 18 January 2012. The net proceeds from the Company's listing were approximately HK$39.9 million after deducting underwriting fee and other related expenses. In accordance with the proposed applications set out in the section "Future Plans And Use of Proceeds" in the prospectus of the Company dated 30 December 2011, the net proceeds received were applied during the years ended 31 March 2012 and 31 March 2013 as follows:

	Net proceeds (HK$ million)			
	Available	Utilized during the year ended 31 March 2012	Utilized during the year ended 31 March 2013	Unutilized
Business development in The People's Republic of China	9.6	—	0.2	9.4
Operation of projects awarded from 1 July 2011 as disclosed in the prospectus of the Company dated 30 December 2011	9.6	9.6	—	—
Increase the performance bond facilities	9.6	3.5	1.3	4.8
Marketing and promotion	6.3	—	0.2	6.1
Development of new construction techniques and methodologies	4.8	—	3.8	1.0
	39.9	13.1	5.5	21.3

The Group held the unutilized net proceeds in short-term deposits or time deposits with reputable banks in Hong Kong as at 31 March 2013 and 31 March 2012.

(9) Movement of incomplete contracts for the year ended 31 March 2013

	incomplete contract as at 31 March 2012 HK$'000	Contracts Secured HK$'000	Contracts Completed HK$'000	incomplete contract as at 31 March 2013 HK$'000
Building Construction	1,015,928	617,622	39,451	**1,594,099**
Property Maintenance	398,256	280,912	—	**679,168**
Alteration, Renovation, Upgrading and Fitting-Out Works	662,153	269,724	269,627	**662,250**
	2,076,337	1,168,258	309,078	**2,935,517**

Building Construction segment

Contracts secured for the year ended 31 March 2013

Contracts	**Commencement date**	**Contract value** HK$'000
Proposed Erection of Strata Landed Development Comprising of 3-Storey Strata Terrace Dwelling Units with basement Carparks (Total: 21 units) At Asimont Lane (Novena Planning Area) Singapore	November 2012	165,373
Building Works at Bukit Merah Contract 52 (Total 492 Dwelling Units) Singapore	March 2013	452,249
Total		617,622

Contract completed for the year ended 31 March 2013

Contract	**Commencement date**	**Completion date**	**Contract value** HK$'000
Erection of 1 Block of 5-Storey Apartment Flat (Total 28 Units) with Attic, Swimming Pool and Carparks at No 45 Joo Chiat Lane, (Geylang Planning Area) Singapore	January 2011	June 2012	39,451

Property Maintenance segment

Contract secured for the year ended 31 March 2013

Contract	Commencement date	Contract value HK$'000
Term Contract for the Maintenance of Slopes for which the Architectural Services Department (Property Services Branch) is Responsible for the Government of the Hong Kong Special Administrative Region Designated Contract Area : Kowloon and Lantau Island	April 2013	280,912

Alteration, Renovation, Upgrading and Fitting-Out Works segment

Contracts secured for the year ended 31 March 2013

Contracts	Commencement date	Contract value HK$'000
Contract C4201–12C Improvement Works to Customer Service Centres at Tsuen Wan Line & Island Line with MTR Corporation Ltd.	April 2012	15,962
Underground Drain Replacement and Manhole Enlarging Works at G/F, Oi Kwan Road Baptist Church at 36 Oi Kwan Road, Wan Chai, Hong Kong	June 2012	488
Second to Third Floor Staircase A&A Works in Marco Polo Hong Kong Hotel at No. 3 Canton Road, Tsimshatsui, Kowloon	June 2012	2,332
A&A Works at Sub-basement to 1/F., Block A, at Harbour City, Canton Road, Kowloon	July 2012	44,905
Interior Fitting Out Works (Phase 2) for 611 Bread of Life Christian Church at Wealthy Garden, 2–18 Tsuen Kwai Street, Tsuen Wan, N. T.	July 2013	21,880
Main Contract for Asset Enhancement Works at Choi Wan Commercial Complex, Kowloon with The Link Management Ltd	August 2012	122,116
Design and Build for Foundation Works for Proposed Industrial Building at 37–53 Wang Lok Street, Yuen Long Industrial Estate, N.T.	January 2013	20,038
Proposed Extension to Salesian Missionary House on S.I.L.495 R.P and Ext. at no. 18 Chai Wan Road H.K.	April 2013	42,003
Total		269,724

Contracts completed for the year ended 31 March 2013

Contracts	Commencement date	Completion date	Contract value HK$'000
Addition of Lift Towers in Cheung Ching Estate, Cheung Hang Estate and Cheung Hong Estate	February 2011	June 2012	31,228
Lifts Addition Works at Shun Tin, Ping Tin and Tsz Lok Estates Contract	March 2011	October 2012	41,766
Sundry Quotation works with The Link Management Ltd.	December 2011	September 2012	13,450
Main Contract Works for the Conversion of Estate Primary School into Office Accommodation G/F to 2/F and Part of Roof, existing Estate Primary School, Chai Wan Lot No. 176, Siu Sai Wan Estate, Chai Wan for The Hong Kong Council for Accreditation of Academic and Vocational Qualifications	November 2011	July 2012	28,919
Main Contract for Enabling Works at Wah Sum Shopping Centre, Fanling, New Territories	November 2011	May 2012	1,848
Underground Drain Replacement and Manhole Enlarging Works at G/F, Oi Kwan Road Baptist Church at 36 Oi Kwan Road, Wan Chai, Hong Kong	June 2012	August 2012	488
Proposed Addition and Alteration Works of WCC Entrance Lobby and G/F to 4/F Retail Expansion of Ocean Gallery (Phase 1 Works), Harbour City, Tsimshatsui, Kowloon	June 2011	October 2012	106,018
Proposed Redevelopment of Eu Yan Sang Centre at Yuen Long Industrial Estate	December 2011	December 2012	43,578
Second to Third Floor Staircase A&A Works in Marco Polo Hong Kong Hotel at No. 3 Canton Road, Tsimshatsui, Kowloon	June 2012	November 2012	2,332
Total			269,627

Contracts secured subsequent to the year end and up to date of this report

Contracts	Commencement date	Contract value HK$'000
Provision of New Duty Free Counters at Lo Wu Terminal Building (K0888)	April 2013	3,073
Main Contract for Proposed A & A Works for Pacific Club (Phase 3) at Canton Road, Tsimshatsui, Kowloon	April 2013	21,871
Total		24,944

(10) Employees and remuneration policies

As at 31 March 2013, the Group employed a total of 280 staff (as at 31 March 2012: 273 staff) which included Hong Kong, Macau & Singapore employees. The total remuneration for staff was approximately HK$91 million for the year (year ended 31 March 2012: approximately HK$77 million).

The Group establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. It is to ensure that the Group is able to attract, retain and motivate executives of the highest caliber, essential to the successful leadership and effective management of the Group. The performance measures are balanced between financial and industrial comparatives. The components of remuneration package are consisted of basic salary, allowances, benefit-in-kind, fringe benefits including medical insurance and contributions to mandatory provident funds, as well as incentives like discretionary bonus. The Group also provides external training programmes which are complementary to certain job functions.

The remuneration packages of the senior management are recommended by the managing director of the respective company and approved by the Board by reference to their respective responsibilities and accountability, target achievements, business results and market competitiveness of the Group. The remuneration packages of the managerial and support staff are determined by the directors of the respective company.

(11) Material Acquisitions and Disposal of Subsidiaries and Associated Companies

During the year ended 31 March 2013, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

(12) Sale and purchase Agreement

The sale and purchase agreement was entered into between Grand Silver Group Limited and Smart Tactics Group Limited, a former controlling Shareholder who was interested in 225,000,000 Shares, representing 75% of the issued share capital of the Company (the "Sale Shares") on 13 March 2013, pursuant to which, among others, Grand Silver Group Limited agreed to purchase and Smart Tactics Group Limited agreed to sell the Sale Shares for a total cash consideration of HK$350,000,000 (equivalent to approximately HK$1.56 per Sale Share). The completion of the sale and purchase agreement took place on 13 March 2013.

Upon completion of the sale and purchase agreement, Grand Silver Group Limited, its beneficial owner and parties acting in concert with any of them in aggregate own 225,000,000 Shares, representing 75% of the issued share capital of the Company on 13 March 2013, Grand Silver Group Limited therefore was required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it under Rule 26.1 of the Hong Kong Code on Takeovers and Mergers.

Details of the mandatory unconditional cash offer have been published in the Company's announcements dated 15 March 2013, 5 April 2013, 19 April 2013 and 10 May 2013 respectively and the Company's circular dated 19 April 2013.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Wang Zhijun ("Mr. Wang") , aged 41, was appointed as executive Director on 2 May 2013. Mr. Wang is also the chairman of the Board, the chairman of the nomination committee and a member of the remuneration committee of the Company. Mr. Wang has been a businessman for over ten years, and currently has investment in a company incorporated in Singapore which is engaged in international trading of nonferrous metals.

Mr. Hu Baoyue ("Mr. Hu"), aged 47, was appointed as executive Director on 2 May 2013. Mr. Hu is also both a member of the nomination committee and the remuneration committee of the Company. Mr. Hu holds a Master of Business Administration Degree from The Hong Kong Polytechnic University, and is a certified public accountant in the People's Republic of China. Mr. Hu is currently an independent director of Shenzhen Jufei Optoelectronics Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 300303). Mr. Hu worked in Hunan Yunjin Group Co., Ltd. (湖南雲錦集團股份有限公司) from September 2009 to September 2012 as a vice president, financial controller, and secretary to its board of directors.

Independent Non-executive Directors

Mr. Ren Yunan ("Mr. Ren"), aged 38, was appointed as independent non-executive Director on 28 May 2013. Mr. Ren is also the chairman of the remuneration committee and a member of the audit committee and a member of the nomination committee of the Company. Mr. Ren is a non-practising solicitor in Hong Kong, and is qualified to practice law in New York, the United States of America. Mr. Ren graduated from Peking University with a bachelor degree in laws in 1997. He received a master degree in law from Harvard Law School in 1999. Mr. Ren worked at UBS Investment Bank in Hong Kong as an executive director from 2008 to 2010. He is currently an independent non-executive director of Prince Frog International Holdings Limited (Stock code: 01259), a company listed on the Stock Exchange, and an independent director of Tiger Media, Inc., a company listed on the American Stock Exchange (Amex).

Mr. Chiu Sai Chuen Nicholas, *BBS*, *MBE*, *JP* ("Mr. Chiu"), aged 68, was appointed as independent non-executive Director on 28 May 2013. Mr. Chiu is a member of each of the audit committee, the nomination committee and the remuneration committee of the Company. Mr. Chiu obtained a bachelor degree of science in engineering in 1969 and the certificate in Industrial Engineering from the University of Hong Kong in 1971, respectively. He was a fellow of the Hong Kong Institution of Engineers since February 1991 and a registered professional engineer of the Hong Kong Engineers Registration Board from February 1999 to January 2000. Mr. Chiu was elected a member of the Institution of Mechanical Engineers in the UK in 1990 and was registered as a chartered mechanical engineer.

Mr. Chiu was a managing director of South Star Construction Co. Ltd. He had been a member of the Standing Commission on Civil Service Salaries and Conditions of Service from July 1989 to June 1991. He had served as the Chairman of the Pay Trend Survey Committee of the Hong Kong Government from January 1994 to July 2000. Mr. Chiu has been acting on the board of directors of Christian Family Service Centre since 1988 and he is currently the Honorary Treasurer.

Mr. Chiu was a director of each of South Star Investment Company Limited (南星投資有限公司) and Fullfair Hong Kong Limited (富暉香港有限公司) when these companies were dissolved by deregistration pursuant to section 291AA of the Companies Ordinance (Chapter 32, Laws of Hong Kong). Mr. Chiu confirmed that the companies were deregistered for the reason that such companies had never commenced business.

Mr. Tam Tak Kei Raymond ("Mr. Tam"), aged 50, was appointed as an independent non-executive Director on 19 December 2011. Mr. Tam is also the chairman of the audit committee and a member of the nomination committee and the remuneration committee of the Company. Mr. Tam holds a bachelor of arts degree in accounting with computing from University of Kent at Canterbury, England and is both an associate member of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants. Mr. Tam was the financial controller of each of Blank Rome Solicitors & Notaries from June 2010 to September 2011 and Barlow Lyde & Gilbert from December 2002 to May 2010 and has over 20 years of professional accounting experience. He is currently an independent non-executive director of Sun Innovation Holdings Limited (stock code: 547), Sunley Holdings Limited (stock code: 1240), Tianjin Jinran Public Utilities Company Limited (formerly known as Tianjin Tianlian Public Utilities Company Limited (stock code: 1265)), Zebra Strategic Holding Limited (stock code: 8260) and Jin Cai Holdings Company Limited (stock code 1250) and he is also engaged by Branding China Group Limited (stock code: 8219) as an external service provider to the company secretary. The shares of the five companies are listed on the Stock Exchange.

Senior Management

Mr. Wong Law Fai ("Mr. Wong"), aged 53, is the chief executive officer of the Company. Mr. Wong was appointed as a Director on 31 May 2011 and redesignated as an executive Director on 19 December 2011, and later resigned as an executive Director, the chairman of the Board and authorised representative of the Company on 28 May 2013. Mr. Wong is also the managing director of Wan Chung Construction Company Limited and a director of all the subsidiaries of the Company, responsible for the overall strategic development and management of the Group. Mr. Wong has over 22 years of experience in the building construction industry of Hong Kong. Prior to joining the Group in 1990, Mr. Wong had been working in other construction companies including Leighton Contractors (Asia) Co. Ltd. Mr. Wong is a registered professional engineer (building) in Hong Kong, a registered professional surveyor (quantity surveying) in Hong Kong, a member of The Hong Kong Institution of Engineers, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building (the United Kingdom) and a member of The Royal Institution of Chartered Surveyors (the United Kingdom). Mr. Wong was awarded an associateship in Building Technology and Management in 1982 and obtained a higher diploma in Building Technology and Management from The Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1981.

Mr. So Kwok Lam ("Mr. So"), aged 52, is the project director of Wan Chung Construction Company Limited and is a director of Wan Chung Construction Company Limited, Wan Chung Interior Design Co., Limited and Wan Chung Property Company Limited. He was appointed as an executive Director on 19 December 2011 and resigned on 28 May 2013. Mr. So is responsible for formulating strategic planning, business development of the Group, reviewing and improving the internal management systems, management of construction projects in Hong Kong. Mr. So has over 28 years of experience in the building construction industry of Hong Kong. Mr. So is a member of the Contractors Registration Committee Panel and is also a member of the Contractors Registration Committee of the Buildings Department under the Buildings Ordinance from January 2009 to December 2012. Prior to joining the Group in 1993, Mr. So had been the project manager of Chevalier (Construction) Co Ltd from 1990 to 1993. He had also been working in Hsin Chong Construction Co Ltd from 1985 and left as an assistant contracts manager in 1990. Mr. So is a professional member of The Royal Institution of Chartered Surveyors (the United Kingdom), a member of The Hong Kong Institute of Construction Managers, a corporate member of the Chartered Institute of Building (the United Kingdom) and a member of the Chartered Institute of Arbitrators (the United Kingdom). Mr. So obtained a professional diploma in occupational safety and health from the School of Continuing Education of Hong Kong Baptist University in 2008, a postgraduate diploma in arbitration and dispute resolution from City University of Hong Kong in 2004, a master of arts in English for the professions from The Hong Kong Polytechnic University in 2007, and an associateship in building technology and management from Hong Kong Polytechnic (now renamed the Hong Kong Polytechnic University) in 1984.

Mr. Yip Chi Chong ("Mr. Yip"), aged 71, is a director and the technical director of Wan Chung Construction Company Limited. He was appointed as an executive Director on 19 December 2011 and resigned on 28 May 2013. He is responsible for formulating strategic planning, corporate business development, management of construction projects in Hong Kong, and expansion opportunities in overseas markets of the Group. Mr. Yip has over 48 years of extensive experience in the building construction industry, which involved projects in Hong Kong, Macau and China. Prior to joining the Group in 2000, Mr. Yip had been working in other construction companies including Gammon (Hong Kong) Limited and China Link Construction & Engineering Ltd.

Mr. Wong Chi Kin, Jesse, aged 50, is the commercial director of Wan Chung Construction Company Limited and is responsible for the Group's strategic planning, corporate business development and management of construction projects in Hong Kong. He has been the representative of our Group in the Hong Kong Construction Association since 1999. Mr. Wong Chi Kin, Jesse has over 30 years of experience in the building construction industry of Hong Kong. Prior to joining our Group in 1996, he had held various positions in quantity surveying, including senior quantity surveyor of H.A. Brechin & Co between 1990 and 1994, quantity surveyor of Franklin & Andrews Construction Cost Management Consultants between 1989 and 1990 and trainee of Kumagai Gumi (H.K.) Limited between 1982 and 1985. Mr. Wong Chi Kin, Jesse is a registered professional surveyor (Quantity Surveying) in Hong Kong and a fellow member of The Hong Kong Institute of Surveyors. He obtained a bachelor degree of science in quantity surveying from Southbank Polytechnic of London in 1989. He also received a master degree of business administration (executive) from the City University of Hong Kong in 2010.

Ms. Ma Pik Fung, aged 49, is the commercial director of Wan Chung Construction Company Limited and is responsible for the Group's strategic planning, corporate business development, and management of construction projects in Hong Kong. She is also a director of Wan Chung Engineering (Macau) Company Limited and a director of Wan Chung Construction (Singapore) Pte. Ltd.. Between 2006 and 2009, she was performing the project directing role in the Group's business expansion into Macau and Singapore. Ms. Ma has over 30 years of experience in the building construction industry of Hong Kong. Prior to joining our Group in 1998, she had worked in Ngo Kee Construction Co., Ltd. as quantity surveyor, Bain D'or Co., Ltd. as manager of construction section, Taisei Corporation as contracts manager, Fong Wing Shing Construction Co., Ltd. as quantity surveyor between 1982 and 1998. Ms. Ma is a registered professional surveyor (Quantity Surveying) in Hong Kong, a member of Hong Kong Institute of Surveyors and a professional associate of the Royal Institution of Chartered Surveyors (the United Kingdom). She obtained a bachelor degree of science in quantity surveying from Robert Gordon's Institute of Technology in United Kingdom in 1990 and a higher certificate in building studies from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1985.

Mr. Tang Wai Hung, aged 48, is the assistant director of Wan Chung Construction Company Limited and is responsible for the safety, health and environmental management planning for the Group. Mr. Tang has over 26 years of experience in the building construction industry of Hong Kong. Prior to joining our Group in 1991, he had worked in Leighton Contractors (Asia) Limited between 1986 and 1991, initially as technician apprentice, and subsequently as assistant foreman. Mr. Tang is a chartered member of the Institution of Occupational Safety and Health (the United Kingdom), a chartered professional member of the Safety Institute of Australia, a member of The Hong Kong Institute of Occupational and Environmental Hygiene, a registered safety auditor under the Factories and Industrial Undertakings (Safety Management) Regulation and a registered safety officer under the Factories and Industrial Undertakings (Safety Officers & Safety Supervisors) Regulations in Hong Kong. Mr. Tang obtained a second bachelor degree in Chinese law from Tsinghua University in 2006, a master of applied science in safety management from The University of Western Sydney, Hawkesbury in 1999, a certificate of proficiency in advanced industrial safety (Construction) in 1991 and a higher certificate in civil engineering in 1988, both from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University).

Mr. Wong Yiu Wai, aged 50, is the financial controller of our group and responsible for all corporate finance, banking, accounting, company secretarial and information technology matters of the Group. Mr. Wong Yiu Wai has over 24 years of experience in the accounting field of Hong Kong. Prior to joining our Group in 2000, he had been a finance and administration manager for a number of companies and had worked in Ernst and Young from 1987 to 1991. He is an associate of The Hong Kong Institute of Certified Public Accountants and obtained a bachelor degree of commerce from The University of Melbourne in 1987.

Mr. Chng Kang Hai, aged 36, is the finance and administration manager of Wan Chung Construction (Singapore) Pte. Ltd. and is responsible for the financial accounting, financial management and administration function of Wan Chung Construction (Singapore) Pte. Ltd.. Mr. Chng has over 11 years of experience in financial accounting and financial management. He is currently a non-practising member with the CPA Australia. Prior to joining our Group in 2008, he had worked in KPMG in Singapore from 2006 to 2008. Mr. Chng obtained a bachelor of business (accountancy) from Queensland University of Technology in 2001 and a diploma in electronic & computer engineering from Ngee Ann Polytechnic in Singapore in 1996.

Ms. Lau Sau Fan, aged 47, is the human resources manager of our Group. Ms. Lau joined our Group in 2007 and has over 21 years of experience in human resources management. Ms. Lau is a professional member of The Hong Kong Institute of Human Resource Management. She obtained a master of science in human resource management from The Hong Kong Polytechnic University in 2005 and a bachelor degree of arts in business administration & management from De Montfort University in 2001.

Ms. Leung Yim Ngan, aged 59, is the accounting manager of our Group. Ms. Leung joined our Group in 1998 and has over 41 years of experience in the accounting field of Hong Kong. Ms. Leung is a fellow member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of International Accountants.

Mr. Lau Yu Kwan, aged 61, is the contracts manager of Wan Chung Construction Company Limited. Mr. Lau joined our Group in 2007. He has worked in the building industry for over 37 years, 27 of which were in managing and administering various types (residential, commercial, institutional, industrial & multi-functional) of building projects. Mr. Lau is a fellow of the Chartered Institute of Building (the United Kingdom), a fellow of the Hong Kong Institute of Construction Managers, a member of the Hong Kong Institution of Engineers and a professional member of the Royal Institution of Chartered Surveyors. He is a registered professional engineer (building) in Hong Kong and a chartered environmentalist in the United Kingdom. Mr. Lau obtained a master of science in construction management (building) from Heriot-Watt University in 1986. He had been awarded an associateship in building technology & management from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1983. He had received an endorsement certificate in building law from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1983.

Mr. So Siu Cheong, aged 44, is the assistant director of Wan Chung Construction Company Limited. He joined our Group in 2006 and has over 14 years of experience in the construction industry of Hong Kong. He also has 7 years of experience of the construction industry in Taiwan from 1999 to 2006. Mr. So Siu Cheong is a member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors (the United Kingdom). He obtained a bachelor degree of laws from the University of Wolverhampton in 2006 and a bachelor degree of science in quantity surveying from The University of Hong Kong in 1991.

Mr. Yan Kum Seng, aged 60, is the contracts manager of Wan Chung Construction (Singapore) Pte. Ltd. and is responsible for the tender submissions, the management and review of project costs and budget, key material procurement and the award of contract to subcontractors. He joined our Group in 2010. Mr. Yan has over 28 years of professional, management and technical experience in the construction industry, in particular in areas of construction, contracts and cost management. He is a member of the Singapore Institute of Surveyors and Valuers, a member of the Royal Institution of Chartered Surveyors (the United Kingdom) and a registered adjudicator of the Singapore Mediation Centre. Mr. Yan obtained a technician diploma in building from Singapore Polytechnic in 1979.

Mr. Tam Tak Fuk, Patrick, aged 54, is the estimating manager of Wan Chung Construction Company Limited. Mr. Tam Tak Fuk joined our Group in 2010 and has over 35 years of experience in the construction industry of Hong Kong. He also has 6 years of experience in the construction industry of Macau from 2004 to 2010. Mr. Tam obtained a higher certificate in building studies from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1981.

Ms. Lee Wai King, aged 36, is the project services manager of Wan Chung Construction Company Limited. Ms. Lee joined our Group in 1998 and has over 13 years of experience in the construction industry of Hong Kong. Ms. Lee obtained a professional diploma in occupational safety & health from the School of Continuing Education of Hong Kong Baptist University in 2010 and a bachelor degree of arts from The Chinese University of Hong Kong in 1998.

Corporate Governance Report

Corporate Governance Practices

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the Shareholders, customers and employees of the Company. During the year ended 31 March 2013, the Board had adopted the principles and the code provisions as set out in Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference and made such terms of reference available on the websites of the Stock Exchange and the Company.

During the year ended 31 March 2013, the Company had complied with the CG Code as set out in Appendix 14 to the Listing Rules, except the deviation as disclosed under the section headed "Chairman and Chief Executive Officer".

Model Code for Securities Transactions by Directors

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the year ended 31 March 2013.

Board of Directors

Composition of the Board of Directors

As at 31 March 2013, the Board comprised three executive Directors and three independent non-executive Directors. The composition of the Board was as follows:

Executive Directors

Mr. Wong Law Fai *(Chairman and chief executive officer)*
(resigned as executive Director and Chairman on 28 May 2013 and remains as chief executive officer)
Mr. So Kwok Lam (resigned on 28 May 2013)
Mr. Yip Chi Chong (resigned on 28 May 2013)

Independent non-executive Directors

Mr. Lam Siu Lo Andrew, *JP* (resigned on 28 May 2013)
Mr. Li Ying Ming (resigned on 28 May 2013)
Mr. Tam Tak Kei Raymond

As at the date of this annual report, the Board consisted 5 Directors comprising two executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors

Mr. Wang Zhijun *(Chairman)*
(appointed as executive Director on 2 May 2013 and appointed as Chairman on 28 May 2013)
Mr. Hu Baoyue (appointed as executive Director on 2 May 2013)

Independent non-executive Directors

Mr. Ren Yunan (appointed on 28 May 2013)
Mr. Chiu Sai Chuen Nicholas (appointed on 28 May 2013)
Mr. Tam Tak Kei Raymond

The biographical details of all current Directors and senior management of the Company are set out on pages 17 to 21 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among Mr. Wong, Mr. So, Mr. Yip, Mr. Lam Siu Lo Andrew, *JP*, Mr. Li Ying Ming (all resigned on 28 May 2013) and Mr. Tam (i.e. members of the Board during the reporting period).

Functions of the Board

The principal functions of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business, the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

Board meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the year ended 31 March 2013, the Board held 5 meetings and the Company held 1 general meeting. Details of the attendance of the relevant Directors are as follows:

	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
Executive Directors		
Mr. Wong Law Fai *(chief executive officer)* (resigned as executive Director and Chairman on 28 May 2013)	1/1	4/4
Mr. So Kwok Lam (resigned on 28 May 2013)	1/1	5/5
Mr. Yip Chi Chong (resigned on 28 May 2013)	1/1	4/5
Independent Non-executive Directors		
Mr. Lam Siu Lo Andrew, *JP* (resigned on 28 May 2013)	1/1	4/5
Mr. Li Ying Ming (resigned on 28 May 2013)	0/1	4/5
Mr. Tam Tak Kei Raymond	1/1	4/5

Directors' Appointment, Re-election and Removal

Each of Mr. Wong, Mr. So and Mr. Yip, the former executive Directors (all resigned on 28 May 2013), had entered into a service agreement with the Company for an initial term of three years commencing from the listing date of the Company (i.e. 18 January 2012) (the "Listing Date") until terminated by not less than six months written notice to the other party and subject to the early termination provisions contained therein.

Each of Mr. Lam Siu Lo Andrew, *JP* and Mr. Li Ying Ming, the former independent non-executive Directors (both resigned on 28 May 2013) had and Mr. Tam, the independent non-executive Director, has entered into a service agreement with the Company for an initial term of two years commencing from the Listing Date until terminated by not less than six months written notice to the other party and subject to the early termination provisions contained therein.

Mr. Wang and Mr. Hu were appointed as the executive Directors on 2 May 2013, each of whom has entered into a service agreement with the Company for a term commencing from 2 May 2013 until the closing of the 2013 annual general meeting of the Company to be held in 2013, which may be terminated by either the Company or the other party by giving six months written notice or otherwise in accordance with the terms of the service agreement.

Mr. Ren and Mr. Chiu were appointed as the independent non-executive Directors on 28 May 2013, each of whom has entered into a service agreement with the Company for a term commencing from 28 May 2013 until the conclusion of the 2013 annual general meeting of the Company to be held in 2013, which may be terminated by either the Company or the other party by giving six months written notice or otherwise in accordance with the terms of the service agreement.

In compliance with the code provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after appointment. By virtue of article 112 of the articles of association of the Company, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision A.4.2 of the CG Code, every director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 108(a) of the articles of association of the Company, at each annual general meeting one-third of the directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring director shall be eligible for re-election.

Independent non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 3.10(1) of the Listing Rules. Furthermore, among the three independent non-executive Directors, Mr. Tam has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance to Rule 3.13 of the Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmation, considers Mr. Lam Siu Lo, Andrew, *JP*, Mr. Li Ying Ming (both resigned on 28 May 2013), Mr. Ren, Mr. Chiu (both appointed on 28 May 2013) and Mr. Tam to be independent.

According to the code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. During the year ended 31 March 2013, the Company complied the code provision A.2.7 of the CG Code that Mr. Wong the then chairman of the Board during the reporting period met the relevant independent non-executive Directors namely, Mr. Lam Siu Lo Andrew, *JP*, Mr. Li Ying Ming (both resigned on 28 May 2013) and Mr. Tam, without the presence of the executive Directors.

Chairman and Chief Executive Officer

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2013, Mr. Wong had been both the chairman and chief executive officer of the Company; therefore, the Group did not separate the roles of the chairman and the chief executive officer of the Company. The Board considered that Mr. Wong had in-depth knowledge and experience in the building construction industry and was the most appropriate person to manage the Group, therefore, the roles of chairman and chief executive officer exercised by the same individual, Mr. Wong, was beneficial to the business prospects and management of the Group.

With the resignation of Mr. Wong as the executive Director and chairman of the Company on 28 May 2013 but remains as the chief executive officer of the Company, Mr. Wang has been appointed as the new chairman of the Company in addition to his role as the executive Director, the roles of the chairman and the chief executive officer of the Company have been separated since then and therefore the code provision A.2.1 of the CG Code has been complied.

Delegation of Powers

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management needs to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors that may arise out in the corporate activities. The insurance coverage is reviewed on an annual basis.

Continuing Professional Development

According to the code provision A.6.5 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

The Directors during the reporting period confirmed that they had complied with the code provision A.6.5 of the CG Code on Directors' training. During the year ended 31 March 2013, all the relevant Directors had participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

Directors	Topics on training covered (Note)
Executive Directors	
Mr. Wong Law Fai (resigned on 28 May 2013)	(a), (b)
Mr. So Kwok Lam (resigned on 28 May 2013)	(a), (b)
Mr. Yip Chi Chong (resigned on 28 May 2013)	(a), (b)
Independent non-executive Directors	
Mr. Lam Siu Lo Andrew, *JP* (resigned on 28 May 2013)	(a)
Mr. Li Ying Ming (resigned on 28 May 2013)	(a)
Mr. Tam Tak Kei Raymond	(a)

Note:

(a) corporate governance
(b) regulatory

Senior Management's Remuneration

The remuneration of the members of the senior management by band for the year ended 31 March 2013 is as follows:

Remuneration bands (HK$)	Number of individual(s)
From Nil to 1,000,000	9
From 1,000,001 to 1,500,000	6

Board Committees

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the financial reporting process and internal control procedures of the Group, and oversee the relationship with the Company's external auditor.

During the year ended 31 March 2013, the Audit Committee comprised three independent non-executive Directors, namely Mr. Lam Siu Lo Andrew, *JP*, Mr. Li Ying Ming and Mr. Tam. Mr. Tam has been the chairman of the Audit Committee.

With the resignations of Mr. Lam Siu Lo Andrew, *JP* and Mr. Li Ying Ming and the appointments of Mr. Ren and Mr. Chiu as the independent non-executive Directors on 28 May 2013, the composition of the Audit Committee changed. As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Ren, Mr. Chiu and Mr. Tam. Mr. Tam remains to act as the chairman of the Audit Committee.

The Audit Committee has, inter alia, reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the interim financial information for the six months ended 30 September 2012 and the consolidated financial statements and annual results for the year ended 31 March 2013.

During the year ended 31 March 2013, the Audit Committee held 2 meetings to review the audited consolidated financial statements for the year ended 31 March 2012, the unaudited consolidated financial statements for the six months ended 30 September 2012, the re-appointment of the auditor of the Company, and the internal control and corporate governance issues related to financial reporting of the Company. The Audit Committee also complied with the code provision C.3.3 of the CG Code to meet the auditors in absence of management for reviewing the internal control of the Company. Details of the attendance of members of the Audit Committee meetings held during the reporting period are as follows:

	Attendance
Mr. Tam Tak Kei Raymond *(Chairman)*	2/2
Mr. Lam Siu Lo Andrew, *JP* (resigned on 28 May 2013)	2/2
Mr. Li Ying Ming (resigned on 28 May 2013)	2/2

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and determine the remuneration packages of individual executive Directors and senior management include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

During the year ended 31 March 2013, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Lam Siu Lo, Andrew, *JP*, Mr. Li Ying Ming and Mr. Tam, and one executive Director, namely Mr. Wong. Mr. Li Ying Ming was the chairman of the Remuneration Committee.

With the resignations of Mr. Lam Siu Lo Andrew, *JP*, Mr. Li Ying Ming and Mr. Wong and the appointments of Mr. Ren and Mr. Chiu as the independent non-executive Directors on 28 May 2013, the composition of the Remuneration Committee changed. As at the date of this annual report, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. Ren, Mr. Chiu and Mr. Tam, and two executive Directors, Mr. Wang and Mr. Hu. Mr. Ren is the chairman of the Remuneration Committee.

During the year ended 31 March 2013, the Remuneration Committee held 2 meetings to, inter alia, determine the policy for the remuneration of executive Directors, review the remuneration packages of all Directors and senior management of the Company, assess the performance of the executive Directors and discuss the bonus payment of the Directors and senior management of the Company. Details of the attendance of the members of the Remuneration Committee meetings are as follows:

	Attendance
Mr. Li Ying Ming *(Chairman)* (resigned on 28 May 2013)	2/2
Mr. Wong Law Fai (resigned on 28 May 2013)	1/2
Mr. Lam Siu Lo Andrew, *JP* (resigned on 28 May 2013)	2/2
Mr. Tam Tak Kei Raymond	2/2

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries and allowances. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate the executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors is entitled to the remuneration packages including basic salaries and discretionary bonuses.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and determine the remuneration packages of individual executive Directors and senior management.

The share option scheme of the Company (the "Share Option Scheme") was adopted by the sole Shareholder by way of written resolution on 19 December 2011. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company and the interests of the eligible persons and the Company become aligning, thereby the eligible persons with additional incentives to improve the Company's performance.

Nomination Committee

The Board is empowered under the Company's articles of association to appoint any person as a director either to fill a casual vacancy on or, as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship to the Shareholders having regards to the balance of skills and experience appropriate to the Group's business.

The nomination committee of the Company (the "Nomination Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board succession.

During the year ended 31 March 2013, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Lam Siu Lo Andrew, *JP*, Mr. Li Ying Ming and Mr. Tam, and one executive Director, namely Mr. Wong. Mr. Lam Siu Lo Andrew, *JP* was the chairman of the Nomination Committee.

With the resignations of Mr. Lam Siu Lo Andrew, *JP*, Mr. Li Ying Ming and Mr. Wong and the appointments of Mr. Ren and Mr. Chiu as the independent non-executive Directors on 28 May 2013, the composition of the Nomination Committee changed. As at the date of this annual report, the Nomination Committee comprises three independent non-executive Directors, namely Mr. Ren, Mr. Chiu and Mr. Tam, and two executive Directors, Mr. Wang and Mr. Hu. Mr. Wang is the chairman of the Nomination Committee.

During the year ended 31 March 2013, the Nomination Committee held 1 meeting to, inter alia, determine the policy for the nomination of Directors, review the structure, size and composition of the Board and assess the independence of independent non-executive Directors. Details of the attendance of the members of the Nomination Committee meeting are as follows:

	Attendance
Mr. Lam Siu Lo, Andrew, *JP (Chairman)* (resigned on 28 May 2013)	1/1
Mr. Li Ying Ming (resigned on 28 May 2013)	1/1
Mr. Wong Law Fai (resigned on 28 May 2013)	1/1
Mr. Tam Tak Kei Raymond	1/1

Independent Board Committee

During the year ended 31 March 2013, Mr. Lam Siu Lo Andrew, *JP*, Mr. Li Ying Ming and Mr. Tam were appointed as members of an independent board committee for giving independent advice to the independent Shareholders in respect of the mandatory unconditional cash offer by Ping An of China Securities (Hong Kong) Company Limited on behalf of Grand Silver Group Limited for all the issued shares of the Company (other than those already acquired or agreed to be acquired by Grand Silver Group Limited and parties acting in concert with it). Details of the attendance of the members of the said independent board committee are as follows:

	Attendance/ Number of Independent Board Committee Meetings entitled to attend
Mr. Lam Siu Lo Andrew, *JP* (resigned on 28 May 2013)	2/2
Mr. Li Ying Ming (resigned on 28 May 2013)	2/2
Mr. Tam Tak Kei Raymond	2/2

Accountability and Audit

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledges their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2013, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 March 2013, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, in respect of their audit and non-audit services was as follows:

	HK$
Audit service:	930,000
Non-audit services:	550,000
Total	1,480,000

The amount of fee incurred for the non-audit services arises from (i) the review of interim financial information for the six months ended 30 September 2012; (ii) the review of preliminary announcement of results of the Group for the year ended 31 March 2013; (iii) the review of cash flow projections of the Group for the period up to 30 April 2014 and indebtedness statement as at 28 February 2013.

Corporate Governance Functions

According to code provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the policies and practices on corporate governance of the Group and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- to review the Company's compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and disclosure in the corporate governance report of the Company.

During the year ended 31 March 2013, the Board held 1 meeting to, inter alia, determine and review the policies and practices of the Company relating to the CG Code. Details of the attendance of the related meeting of the Board are as follows:

	Attendance
Executive Directors	
Mr. Wong Law Fai *(chief executive officer)* (resigned as executive Director and Chairman on 28 May 2013)	1/1
Mr. So Kwok Lam (resigned on 28 May 2013)	1/1
Mr. Yip Chi Chong (resigned on 28 May 2013)	1/1
Independent Non-executive Directors	
Mr. Lam Siu Lo Andrew, *JP* (resigned on 28 May 2013)	1/1
Mr. Li Ying Ming (resigned on 28 May 2013)	1/1
Mr. Tam Tak Kei Raymond	1/1

Internal Control

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Company has reviewed the effectiveness of the system of internal control of the Group, covering all material controls, including financial and operation for the year ended 31 March 2013.

Investors and Shareholders Relations

The Company values communication with the Shareholders and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's principle place of business at Flat A, 2/F, Fuk On Building, 1123 Canton Road, Mongkok, Kowloon, Hong Kong;

2. By telephone number 3588 9000;

3. By fax number 3588 9080; or

4. By email at info@visionfame.com

The Company uses a number of formal communications channel to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circular, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 64 of the article of association of the Company, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office and principal place of business of the Company at Flat A, 2/F, Fuk On Building, 1123 Canton Road, Mongkok, Kowloon, Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company at Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong:

- a notice in writing by the Shareholder indicating the intention to propose a person for election as a Director; and
- a notice in writing by the person proposed by the Shareholder for election as a Director indicating his/her willingness to be elected.

The minimum length of the period, during which such notices may be given, will be at least 7 days.

The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

The Board has established a shareholders' communication policy on 28 March 2012 and will review it on a regular basis to ensure its effectiveness to comply with the code provision E.1.4 of the CG Code.

In order to promote effective communication, the Company also maintains website (www.visionfame.com) which include the latest information relating to the Group and its businesses.

Company Secretary

The company secretary of the Company, Ms. Lam Yuen Ling Eva is delegated by an external service provider. The external service provider's primary contact person at the Company is Mr. Wong Yiu Wai, the financial controller of the Company.

Directors' Report

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2013.

Principal Place of Business in Hong Kong

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is Flat A, 2/F, Fuk On Building, 1123 Canton Road, Mongkok, Kowloon, Hong Kong.

Principal Activities

The principal activity of the Group is to provide building construction services, property maintenance services, alterations, renovation, upgrading works and fitting-out works services. The principal activities and other particulars of the subsidiaries of the Company are set out in note 37 to the consolidated financial statements.

Dividend

The Directors do not recommend the payment of final dividend in respect of the year ended 31 March 2013 (2012: HK3 cents per share). No interim dividend was declared for the six months ended 30 September 2012 (2011: nil).

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 5 September 2013 to Monday, 9 September 2013 (both dates inclusive) during which period no transfer of Shares will be registered. In order to attend and vote at the forthcoming annual general meeting of the Company, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 4 September 2013.

Major Customers and Suppliers

The Group's top five customers accounted for approximately 81% of the total sales. The top five suppliers accounted for approximately 48% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 28% of the total sales and the Group's largest supplier accounted for approximately 12% of the total purchases for the year.

At no time during the year ended 31 March 2013 have the then and current directors of the Company, their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

Results

The results of the Group for the year ended 31 March 2013 and the state of affairs of the Group as at 31 March 2013 are set out in the consolidated financial statements on pages 46 to 109.

Distributable Reserve

As at 31 March 2013, the Company's reserves available for distribution represent the share premium account less accumulated losses, amounted to approximately HK$24,486,000.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the year ended 31 March 2013 are set out in note 27 to the consolidated financial statements.

Charitable Donations

During the year ended 31 March 2013, the Group made charitable donation amounting to HK$62,405.

Directors

The directors of the Company during the year ended 31 March 2013 and up to the date of this Director's report are:

Executive Directors:

Mr. Wang Zhijun *(Chairman)* (appointed as executive Director and Chairman on 2 May 2013 and 28 May 2013 respectively)
Mr. Hu Baoyue (appointed on 2 May 2013)
Mr. Wong Law Fai *(chief executive officer)* (resigned as executive Director and Chairman on 28 May 2013)
Mr. So Kwok Lam (resigned on 28 May 2013)
Mr. Yip Chi Chong (resigned on 28 May 2013)

Independent Non-executive Directors:

Mr. Ren Yunan (appointed on 28 May 2013)
Mr. Chiu Sai Chuen Nicholas (appointed on 28 May 2013)
Mr. Tam Tak Kei Raymond
Mr. Lam Siu Lo Andrew, *JP* (resigned on 28 May 2013)
Mr. Li Ying Ming (resigned on 28 May 2013)

By virtue of article 108(a) of the articles of association of the Company, Mr. Tam shall retire by rotation and be eligible, offer himself for re-election at the forthcoming annual general meeting of the Company.

By virtue of article 112 of the articles of association of the Company, Mr. Wang, Mr. Hu, Mr. Ren and Mr. Chiu will hold office until the forthcoming annual general meeting and will retire and being eligible, offer themselves for re-election.

Directors' Service Agreement

Each of Mr. Wong, Mr. So and Mr. Yip, the former executive Directors (all resigned on 28 May 2013), had entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date until terminated by not less than six months written notice to the other party and subject to the early termination provisions contained therein.

Each of Mr. Lam Siu Lo Andrew, *JP* and Mr. Li Ying Ming, the former independent non-executive Directors (both resigned on 28 May 2013), had, and Mr. Tam, the independent non-executive Director, has entered into a service agreement with the Company for an initial term of two years commencing from the Listing Date until terminated by not less than six months written notice to the other party and subject to the early termination provisions contained therein.

Each of Mr. Wang and Mr. Hu were appointed as the executive Directors on 2 May 2013, each of whom has entered into a service agreement with the Company for a term commencing from 2 May 2013 until the closing of the 2013 annual general meeting of the Company to be held in 2013, which may be terminated by either the Company or the other party by giving six months written notice or otherwise in accordance with the terms of the service agreement.

Each of Mr. Ren and Mr. Chiu were appointed as the independent non-executive Directors on 28 May 2013, each of whom has entered into a service agreement with the Company for a term commencing from 28 May 2013 until the conclusion of the 2013 annual general meeting of the Company to be held in 2013, which may be terminated by either the Company or the other party by giving six months written notice or otherwise in accordance with the terms of the service agreement.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within 1 year without payment of compensation (other than statutory compensation).

Share Option Scheme

The following is a summary of principal terms of the Share Option Scheme adopted by the written resolutions of the sole Shareholder passed on 19 December 2011 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

(b) Participants of the Share Option Scheme

The Board may, at its absolute discretion grant any employee (full-time or part-time), director (including executive, non-executive or independent non-executive directors), consultant or adviser of any member of the Group, or any substantial shareholder of any member of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group and any company wholly owned by one or more persons belonging to any of the aforesaid participants, options to subscribe for Shares at a price calculated in accordance with the paragraph below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(c) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date.

As at the date of this annual report, the outstanding number of options available for issue under the Share Option Scheme is 30,000,000 Shares, representing 10% of the issued share capital of the Company.

(d) The maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

(e) Timing for exercising option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

(f) Period of acceptance of option

An offer made to a participant shall remain open for acceptance by the participant concerned for a period of 7 days from and inclusive of the date on which an option is offered to a participant.

(g) Payment of acceptance of option

The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

(h) The basis of determining the exercise price of option

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and

(iii) the nominal value of a Share on the date of grant of the option.

(i) Duration of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date.

There is no option outstanding, granted, exercised, cancelled and lapsed during the year ended 31 March 2013.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying shares and Debentures

As at 31 March 2013, none of the Directors or chief executive(s) of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Directors' Right to Acquire Shares

Save as disclosed in this report, at no time during the year ended 31 March 2013 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures, of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Substantial Shareholders' Interests and Short Positions in Shares, Underlying shares and Debentures

As at 31 March 2013, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules on the Stock Exchange:

Name of Shareholders	Capacity	Number of issued ordinary Shares held	Percentage of the issued share capital of the Company
Grand Silver Group Limited (Note 1)	Beneficial owner	225,000,000 (L)	75%
Mr. Wang Zhijun (Note 1)	Interest in controlled corporation	225,000,000 (L)	75%
Ms. Guan Hongyan (Note 2)	Interest of spouse	225,000,000 (L)	75%

(L): Long position

Notes:

1. Grand Silver Group Limited, a company with limited liability and is wholly-owned by Mr. Wang. By virtue of the SFO, Mr. Wang is deemed to be interested in the 225,000,000 shares of the Company held by Grand Silver Group Limited.

2. Ms. Guan Hongyan is the spouse of Mr. Wang. By virtue of the SFO, Ms. Guan Hongyan is deemed to be interested in 225,000,000 Shares which Mr. Wang is interested in.

Save as disclosed above, as at 31 March 2013, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Sufficiency of Public Float

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2013, the Company had maintained the public float required by the Listing Rules.

However, upon the close of a mandatory general cash offer (the "Offer") on 10 May 2013, there were 49,854,000 shares of the Company, representing approximately 16.62% of the issued share capital of the Company, held by the public (as defined in the Listing Rules). Accordingly, the Company cannot fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. A waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for the period of three months commencing from 10 May 2013 has been granted by the Stock Exchange. Grand Silver Group Limited and the Company will take appropriate steps to restore the required minimum public float as soon as possible.

Directors' Interests in Contracts

No contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which a director of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2013.

Directors' Interests in Competing Business

As at 31 March 2013, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 31 March 2013 are set out in note 24 to the consolidated financial statements.

Retirement Benefits Plans

Particulars of retirement benefits plans of the Group as at 31 March 2013 are set out in note 29 to the consolidated financial statements.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors during the reporting period namely, Mr. Tam Tak Kei Raymond, Mr. Lam Siu Lo Andrew *JP* and Mr. Li Ying Ming, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of them were independent during the year ended 31 March 2013.

Connected Transactions

The related party transactions of the Company for the year ended 31 March 2013 are set out in note 35 to the consolidated financial statements. All the related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

Purchase, Sale or Redemption of Listed Securities of The Company

During the year ended 31 March 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial periods is set out in the five years financial summary on page 110 of this annual report.

Corporate Governance

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 22 to 33. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

Change of Controlling Shareholder and Mandatory Unconditional Cash Offer

On 13 March 2013, Grand Silver Group Limited ("Grand Silver"), Mr. Wang Zhijun, Smart Tactics Group Limited ("Smart Tactics") and Mr. Wong Law Fai entered into a sale and purchase agreement (the "S&P Agreement") in respect of the acquisition by Grand Silver of the 225,000,000 Shares (the "Sale Shares") for a total cash consideration of HK$350,000,000 (equivalent to approximately HK$1.56 per Sale Share). The Sale Shares represented 75% of the issued share capital of the Company as at 15 March 2013. The completion of the S&P Agreement (the "Completion") took place on 13 March 2013. Accordingly, Grand Silver has become the holder of 225,000,000 Shares, and thus became a controlling Shareholder.

In accordance with the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"), Grand Silver was required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned by the Grand Silver, its beneficial owner and parties acting in concert with them). Ping An of China Securities (Hong Kong) Company Limited had made the mandatory unconditional cash offer on behalf of Grand Silver for all the issued Shares (other than those already owned by Grand Silver and parties acting in concert with it) pursuant to the Takeovers Code (the "Offer") at HK$1.56 per Sale Share.

The Offer closed at 4:00 p.m. on 10 May 2013. Valid acceptances in respect of 25,146,000 Shares (representing approximately 8.38% of the issued share capital of the Company as at 10 May 2013) were received.

For details of the S&P Agreement and the Offer, please refer to the announcements jointly issued by the Company and Grand Silver dated 15 March 2013, 19 April 2013 and 10 May 2013 and the composite offer and response document jointly issued by the Company and Grand Silver dated 19 April 2013.

Subsequent Events

Change of Directors, Chairman, Composition of Committees of the Board and Authorised Representative

On 2 May 2013, each of Mr. Wang Zhijun and Mr. Hu Baoyue has been appointed as an executive Director.

On 28 May 2013, each of Mr. Wong Law Fai, Mr. So Kwok Lam and Mr. Yip Chi Chong has resigned as executive Director. Mr. Wong Law Fai has also resigned as chairman and authorised representative of the Company and Mr. Wang Zhijun (an executive Director) and Mr. Hu Baoyue (an executive Director) have been respectively appointed as the chairman and authorised representative of the Company in place of Mr. Wong Law Fai, both with effect from 28 May 2013.

On the same day, each of Mr. Ren Yunan and Mr. Chiu Sai Chuen Nicholas has been appointed as independent non-executive Director while each of Mr. Lam Siu Lo Andrew and Mr. Li Ying Ming has resigned as an independent non-executive Director, all with effect from 28 May 2013.

Following the change of Directors with effect from 28 May 2013 as mentioned above:

(1) the Audit Committee comprises Mr. Ren Yunan, Mr. Chiu Sai Chuen Nicholas and Mr. Tam Tak Kei Raymond (each an independent non-executive Director). Mr. Tam Tak Kei Raymond remains to act as the chairman of the Audit Committee;

(2) the remuneration committee of the Company (the "Remuneration Committee") comprises Mr. Wang Zhijun, Mr. Hu Baoyue (each an executive Director), Mr. Ren Yunan, Mr. Chiu Sai Chuen Nicholas and Mr. Tam Tak Kei Raymond (each an independent non-executive Director). Mr. Ren Yunan is the chairman of the Remuneration Committee; and

(3) the nomination committee of the Company (the "Nomination Committee") comprises Mr. Wang Zhijun, Mr. Hu Baoyue (each an executive Director), Mr. Ren Yunan, Mr. Chiu Sai Chuen Nicholas and Mr. Tam Tak Kei Raymond (each an independent non-executive Director). Mr. Wang Zhijun is the chairman of the Nomination Committee.

For details of the change of Directors, change of chairman of the Board, change of authorized representative of the Company and change of composition of the committees of the Board, please refer to the announcements of the Company dated 2 May 2013 and 28 May 2013.

Auditor

SHINEWING (HK) CPA Limited has acted as auditor of the Company for the year ended 31 March 2013. The Company has not changed its external auditor since its listing in January 2012 and up to the date of this report.

SHINEWING (HK) CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

By order of the Board
Wang Zhijun
Chairman

Hong Kong, 27 June 2013

Independent Auditor's Report

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF VISION FAME INTERNATIONAL HOLDING LIMITED
允升國際控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vision Fame International Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 109, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
27 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	6	**965,386**	661,703
Cost of sales		**(894,223)**	(572,640)
Gross profit		**71,163**	89,063
Other income	8	**3,783**	16,488
Administrative expenses		**(50,278)**	(62,955)
Finance costs	9	**(1,572)**	(1,513)
Gain on disposal of a subsidiary	30	**—**	459
Share of profit (loss) of an associate	16	**7,462**	(231)
Profit before taxation		**30,558**	41,311
Taxation	10	**(4,685)**	(8,347)
Profit for the year attributable to owners of the Company	12	**25,873**	32,964
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**1,053**	(937)
Reclassification adjustment for the cumulative exchange difference included in profit or loss upon disposal of foreign operation	30	**—**	39
Actuarial gains on long service payment obligations	25	**230**	—
Fair value gain on available-for-sale investments		**1,675**	1,305
Other comprehensive income for the year		**2,958**	407
Total comprehensive income for the year attributable to owners of the Company		**28,831**	33,371
Earnings per share (HK cents) — Basic and dilutive	13	**8.6**	12.7

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	15	**16,966**	13,842
Interest in an associate	16	**7,695**	196
Interest in a jointly controlled entity	17	**—**	—
Available-for-sale investments	18	**14,883**	13,030
		39,544	27,068
Current assets			
Amounts due from customers for contract work	19	**48,304**	36,245
Trade and other receivables	20	**240,115**	208,831
Amount due from an associate	21	**—**	8,151
Amount due from a jointly controlled entity	21	**642**	—
Pledged bank deposits	22	**47,901**	43,197
Bank balances and cash	22	**50,118**	65,997
		387,080	362,421
Current liabilities			
Amounts due to customers for contract work	19	**4,928**	—
Trade and other payables	23	**167,876**	137,532
Amount due to an associate	21	**5,006**	—
Secured bank borrowings	24	**48,500**	66,599
Tax payable		**899**	6,203
		227,209	210,334
Net current assets		**159,871**	152,087
Total assets less current liabilities		**199,415**	179,155
Non-current liabilities			
Long service payment obligations	25	**828**	1,272
Deferred tax liability	26	**421**	414
		1,249	1,686
Net assets		**198,166**	177,469
Capital and reserves			
Share capital	27	**3,000**	3,000
Reserves		**195,166**	174,469
Total equity		**198,166**	177,469

The consolidated financial statements on pages 46 to 109 were approved and authorised for issue by the board of directors on 27 June 2013 and are signed on its behalf by:

Wang Zhijun
Director

Hu Baoyue
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Share capital HK$'000	Share premium HK$'000 (Note a)	Exchange reserve HK$'000	Capital reserve HK$'000 (Note b)	Legal reserve HK$'000 (Note c)	Available-for-sale investments revaluation reserve HK$'000	Other reserve HK$'000 (Note d)	Retained profits HK$'000	Total HK$'000
At 1 April 2011	22,000	—	8,824	2,776	12	12	—	54,152	87,776
Profit for the year	—	—	—	—	—	—	—	32,964	32,964
Other comprehensive income (expense) for the year:									
Exchange differences arising on translation of foreign operations	—	—	(937)	—	—	—	—	—	(937)
Reclassification adjustment for the cumulative exchange difference included in profit or loss upon disposal of foreign operation	—	—	39	—	—	—	—	—	39
Fair value gain on available-for-sale investments	—	—	—	—	—	1,305	—	—	1,305
Total comprehensive income (expense) for the year	—	—	(898)	—	—	1,305	—	32,964	33,371
Elimination of share capital on group reorganisation (Note 27)	(22,000)	—	—	—	—	—	22,000	—	—
Shares issued under global offering	510	60,690	—	—	—	—	—	—	61,200
Shares issued by capitalisation	2,490	(2,490)	—	—	—	—	—	—	—
Shares issued expenses	—	(4,878)	—	—	—	—	—	—	(4,878)
At 31 March 2012	3,000	53,322	7,926	2,776	12	1,317	22,000	87,116	177,469
At 1 April 2012	3,000	53,322	7,926	2,776	12	1,317	22,000	87,116	177,469
Profit for the year	—	—	—	—	—	—	—	25,873	25,873
Other comprehensive income for the year:									
Exchange differences arising on translation of foreign operations	—	—	1,053	—	—	—	—	—	1,053
Actuarial gains on long service payment obligations (Note 25)	—	—	—	—	—	—	—	230	230
Fair value gain on available-for-sale investments	—	—	—	—	—	1,675	—	—	1,675
Total comprehensive income for the year	—	—	1,053	—	—	1,675	—	26,103	28,831
Deemed capital contribution arising from recovery of indemnified taxation from a controlling shareholder	—	—	—	866	—	—	—	—	866
Dividend declared and paid (Note 14)	—	(9,000)	—	—	—	—	—	—	(9,000)
At 31 March 2013	3,000	44,322	8,979	3,642	12	2,992	22,000	113,219	198,166

Notes:

a. Under the Companies Law, Cap. 22 (Law 6 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

b. Capital reserves comprise the following:

— In prior years, Wan Chung Construction Company Limited ("Wan Chung Construction") acquired entire equity interest in Wan Chung Property Company Limited ("Wan Chung Property") from its then shareholder at a discount of approximately HK$2,776,000. Such acquisition is deemed to be a transaction with owners of the Company and therefore recorded in capital reserve.

— Recovery of indemnified taxation from its then shareholder pursuant to the deed of indemnity dated 19 December 2011. Such recovery is deemed to be a transaction with owners of the Company and therefore recorded in capital reserve.

c. In accordance with the provisions of Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to transfer 25% of its annual net profit to a legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders.

d. Other reserve represents difference between the nominal value of the issued share capital of the subsidiaries, acquired pursuant to the group reorganisation and the consideration paid for acquiring these subsidiaries.

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**30,558**	41,311
Adjustments for:		
Bank interest income	**(668)**	(568)
Interest income from subcontractors	**(1,427)**	(1,696)
Other interest income	**—**	(7,705)
Investment income	**(15)**	(15)
Costs related to long service payment obligations	**40**	459
Finance costs	**1,572**	1,513
Gain on disposal of a subsidiary	**—**	(459)
Loss (gain) on disposal of property, plant and equipment	**40**	(1,744)
Government grant	**(250)**	—
Written back of retention money payables	**—**	(718)
Share of (profit) loss of an associate	**(7,462)**	231
Depreciation of property, plant and equipment	**3,004**	1,249
Operating cash flows before movements in working capital	**25,392**	31,858
Increase in amounts due from customers for contract work	**(12,005)**	(24,043)
Increase (decrease) in amounts due to customers for contract work	**4,915**	(20,725)
(Increase) decrease in trade and other receivables	**(30,720)**	10,944
Increase (decrease) in trade and other payables	**31,461**	(9,996)
Cash generated from (used in) operations	**19,043**	(11,962)
Hong Kong Profits Tax paid	**(4,725)**	(7,250)
Singapore Corporate Tax paid	**(5,308)**	(9,658)
Settlement of long service payment obligations	**(254)**	—
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**8,756**	(28,870)
INVESTING ACTIVITIES		
Withdrawal of pledged bank deposits	**220,111**	230,067
Placement of pledged bank deposits	**(224,812)**	(233,412)
Repayment from an associate	**8,238**	—
Interest received	**668**	8,273
Proceeds from disposal of property, plant and equipment	**20**	4,200
Investment income received	**15**	15
Advance to a jointly controlled entity	**(642)**	—
Purchase of property, plant and equipment	**(6,118)**	(4,106)
Settlement from the assignment of loan (Note 30)	**—**	19,400
Proceeds from disposal of investment property	**—**	8,200
Repayment from a fellow subsidiary	**—**	4
Net cash outflow arising on disposal of a subsidiary (Note 30)	**—**	(176)
Purchase of available-for-sale investments	**—**	(2,218)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(2,520)**	30,247

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
FINANCING ACTIVITIES		
New secured bank borrowings raised	**689,267**	617,274
Advance from an associate	**4,992**	—
Recovery of indemnified taxation	**866**	—
Advance from (repayment to) a director	**250**	(40,658)
Cash received from government grants	**250**	—
Interest paid	**(1,572)**	(1,513)
Dividend paid	**(9,000)**	—
Repayment of secured bank borrowings	**(707,366)**	(630,134)
Proceeds from issue of shares, net of issuing expenses	**—**	56,322
Repayment to fellow subsidiaries	**—**	(513)
Repayment to a related company	**—**	(963)
NET CASH USED IN FINANCING ACTIVITIES	**(22,313)**	(185)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(16,077)**	1,192
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**65,997**	64,849
Effect of foreign exchange rate changes	**198**	(44)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**50,118**	65,997

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

1. General

Vision Fame International Holding Limited (the "Company") was incorporated in the Cayman Islands on 31 May 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The addresses of its registered office and principal place of business are disclosed in the section of "Corporate Information" in the annual report.

Pursuant to a group reorganisation (the "Reorganisation") of the Company and its subsidiaries (collectively referred to as the "Group") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"), the Company acquired the equity interests of entities under common control and became the holding company of the subsidiaries comprising the Group. Details of the Reorganisation were set out in the prospectus of the Company dated 30 December 2011.

The shares of the Company have been listed on the Stock Exchange with effect from 18 January 2012.

Since all entities which took part in the Reorganisation were under common control of Mr. Wong Law Fai, the Group is regarded as a continuing entity resulting from the Reorganisation of entities under common control. The consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as if the group structure under the Reorganisation had been in existence at the beginning of the earliest year presented. Accordingly, the comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 March 2012 and relevant explanatory notes disclosed in these consolidated financial statements have been prepared on the basis as if the current group structure has been in existence throughout the prior year.

The directors of the Company consider its parent and ultimate holding company as at 31 March 2013 and the date of approval of these consolidated financial statements by the board of directors is Grand Silver Group Limited ("Grand Silver"), which was incorporated in the British Virgin Islands (the "BVI").

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in Note 37.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"). Other than those subsidiaries established in Macau and Singapore whose functional currency is Macau Pataca ("MOP") and Singapore Dollars ("SGD"), respectively, the functional currency of the Company and other subsidiaries is HK$.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in 2012
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 1 Presentation of Financial Statements

(as part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs (2009–2011 Cycle). The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013). HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Amendments to HKAS 1 Presentation of Financial Statements (Continued)

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements 2009–2011 Cycle, except for the amendments HKAS 1[2]
Amendments to HKFRS 1	First-time Adoption of HKFRSs — Government Loans[2]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities[3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HK (International Financial Reporting Interpretation Committee ("IFRIC") –Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HK(IFRIC)-Int 21	Levies[3]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009–2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the reclassification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 9 Financial Instruments (Continued)

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation — Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements and associates, and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

The Group's interest in a jointly controlled entity is a joint arrangement under which each investor has joint control and the rights to the net assets of the arrangement and it is not a joint operation. The investment is accounted for using the equity method and therefore, the first time adoption of HKFRS 11 in the financial year ending 31 March 2014 is not expected to have any financial impact on the Group.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 13 Fair Value Measurement (Continued)

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period ending 31 March 2014 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a "net-interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application.

The directors of the Company anticipate that the first time adoption of the amendments to HKAS 19 in the financial year ending 31 March 2014 may not have significant effect on the consolidated financial statements as all actuarial gains and losses are recognised immediately through other comprehensive income according to the Group's accounting policy. However, a detailed review is yet to be completed.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income (Continued)

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained profits as specified by applicable HKFRSs).

Merger accounting for business combination involving entities under common control

Business combinations under common control are accounted for using merger accounting. In applying merger accounting, the consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Investment in a subsidiary

Investment in a subsidiary is included in the Company's statement of financial position at cost less any identified impairment loss.

Interest in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

3. Significant Accounting Policies (Continued)

Interest in an associate (Continued)

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, interest in an associate are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interest in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the interest in the associate that are not related to the Group.

Jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entity.

The results and assets and liabilities of the jointly controlled entity are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, interests in jointly controlled entity are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entity. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

3. Significant Accounting Policies (Continued)

Jointly controlled entity (Continued)

The financial statements of jointly controlled entity used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill, if any) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business and net of discounts and sales related taxes.

Revenue recognition for construction contracts in relation to building construction, upgrade services of the infrastructure and foundation works included in the segment of alteration, renovation, upgrading and fitting out works is set out in the section headed "Construction contracts" below.

Revenue from property maintenance, alterations, renovation, upgrading and fitting-out works other than upgrade services of the infrastructure are recognised when services are provided.

Revenue recognition for rental income is set out in the section headed "Leasing" below.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment income is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

3. Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment, including leasehold land and buildings held for use in the production or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the profit or loss in the period in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Construction contracts

Where the outcome of a construction contract in relation to building construction or upgrade services of the infrastructure under a service concession arrangement can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3. Significant Accounting Policies (Continued)

Construction contracts (Continued)

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

3. Significant Accounting Policies (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. 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), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Retirement benefits cost

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other defined contribution retirement benefit schemes are recognised as expenses when employees have rendered service entitling them to the contributions.

Long service payment obligations

The Group's net obligations in respect of long service payment to its employees on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

3. Significant Accounting Policies (Continued)

Long service payment obligations (Continued)

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributed to contributions made by the Group. The discount rate is the yield at the date of the reporting period based on Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the estimated terms of the related liability. The expected costs of these benefits are accrued over the period of employment. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the year in which they occur in the consolidated statement of comprehensive income.

The obligation recognised in the consolidated statement of financial position represents the present value of the obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associate and jointly controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from an associate and a jointly controlled entity, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and amounts due from an associate and a jointly controlled entity, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in available-for-sale investments revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to an associate and secured bank borrowings are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee 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 payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derecognition (Continued)

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgement in applying the entity's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Contingent liabilities in respect of legal claims

The Group has been engaged in a number of legal claims in respect of certain construction works. Contingent liabilities arising from these legal claims have been assessed by management with reference to legal advice. The directors of the Company considered that no provision for the contingent liabilities in respect of the litigation is necessary after due consideration of each case and with reference to legal opinion.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction contracts revenue recognition

The Group recognised contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Property maintenance revenue recognition

When services are provided, property maintenance income is recognised based on management's estimation of the value of each works order. Thereafter, customers would undertake detailed assessment of all completed works orders before finalisation of a property maintenance contract which normally lasts for two to three years. During the assessment process, the actual value of completed works orders assessed by the customers may be higher or lower than the estimates and this will affect the revenue from property maintenance recognised.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Estimated impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. As at 31 March 2013, the directors of the Company considered that there was no impairment indication and the carrying value of property, plant and equipment was approximately HK$16,966,000 (2012: HK$13,842,000).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of available-for-sale investments

The Group classifies certain investments in listed securities as available-for-sale investments and recognised movements of its fair value in other comprehensive income and accumulated in available-for-sale investments revaluation reserve. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised. When there is objective evidence that the investment is impaired, impairment loss is recognised in the consolidated statement of comprehensive income. During the years ended 31 March 2013 and 2012, no impairment loss was recognised in respect of available-for-sale investments.

Impairment loss recognised in respect of trade and other receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has been identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. As at 31 March 2013, the carrying value of trade and other receivables was approximately HK$240,115,000 (2012: HK$208,831,000) (net of accumulated impairment loss of nil (2012: nil)).

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of secured bank borrowings disclosed in Note 24, pledged bank deposits and bank balances and cash disclosed in Note 22, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and risks associated thereto. The Group will balance its overall capital structure through the payment of dividends, new share issues and the raising or repayment of borrowings.

6. Turnover

	2013 HK$'000	2012 HK$'000
Revenue from building construction	**330,760**	243,453
Revenue from property maintenance	**168,626**	157,201
Revenue from alterations, renovation, upgrading and fitting-out works	**466,000**	261,049
	965,386	661,703

7. Segment Information

The Group's reportable and operating segments, based on information reported to the chief executive officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on services provided are as follows:

(1) Building construction;

(2) Property maintenance; and

(3) Alterations, renovation, upgrading and fitting-out works.

No operating segments have been aggregated to form the above reportable and operating segments. Information regarding the above segments is reported below.

7. Segment Information (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 March 2013

	Building construction HK$'000	Property maintenance HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Total HK$'000
Segment revenue	**330,760**	**168,626**	**466,000**	**965,386**
Segment profit	**24,941**	**11,980**	**36,028**	**72,949**
Other income				**1,997**
Central administration costs				**(50,278)**
Finance costs				**(1,572)**
Share of profit of an associate				**7,462**
Profit before taxation				**30,558**

For the year ended 31 March 2012

	Building construction HK$'000	Property maintenance HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Total HK$'000
Segment revenue	243,453	157,201	261,049	661,703
Segment profit	31,129	10,012	60,343	101,484
Other income				4,067
Central administration costs				(62,955)
Finance costs				(1,513)
Gain on disposal of a subsidiary				459
Share of loss of an associate				(231)
Profit before taxation				41,311

7. Segment Information (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, certain other income, gain on disposal of a subsidiary, share of profit (loss) of an associate and finance costs. This is the measure reported to the chief executive officer, being the chief operating decision maker, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2013 HK$'000	2012 HK$'000
Segment assets		
Building construction	**91,336**	67,722
Property maintenance	**71,429**	64,476
Alterations, renovation, upgrading and fitting-out works	**107,068**	86,252
Total segment assets	**269,833**	218,450
Unallocated corporate assets	**156,791**	171,039
Total assets	**426,624**	389,489

	2013 HK$'000	2012 HK$'000
Segment liabilities		
Building construction	**55,616**	35,312
Property maintenance	**39,075**	54,298
Alterations, renovation, upgrading and fitting-out works	**67,089**	35,681
Total segment liabilities	**161,780**	125,291
Unallocated corporate liabilities	**66,678**	86,729
Total liabilities	**228,458**	212,020

7. Segment Information (Continued)

Segment assets and liabilities (Continued)

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in an associate and a jointly controlled entity, available-for-sale investments, certain property, plant and equipment, certain other receivables, amounts due from an associate and a jointly controlled entity, pledged bank deposits and bank balances and cash as these assets are managed on a group basis.

- all liabilities are allocated to operating segments other than certain other payables, amount due to an associate, secured bank borrowings, tax payable, long service payment obligations and deferred tax liability as these liabilities are managed on a group basis.

Other segment information

For the year ended 31 March 2013

	Building construction HK$'000	Property maintenance HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:					
Additions to property, plant and equipment	—	68	—	6,050	6,118
Depreciation of property, plant and equipment	119	204	16	2,665	3,004
Interest income from subcontractors	—	(930)	(497)	—	(1,427)
Amounts regularly provided to the chief executive officer, being chief operating decision maker but not included in the measure of segment profit or segment assets:					
Interest in an associate	—	—	—	7,695	7,695
Share of profit of an associate	—	—	—	(7,462)	(7,462)
Loss on disposal of property, plant and equipment	—	—	—	40	40
Bank interest income	—	—	—	(668)	(668)
Government grant	—	—	—	(250)	(250)
Finance costs	—	—	—	1,572	1,572
Taxation	—	—	—	4,685	4,685

7. Segment Information (Continued)

Other segment information (Continued)

For the year ended 31 March 2012

	Building construction HK$'000	Property maintenance HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:					
Additions to property, plant and equipment	322	60	44	3,680	4,106
Depreciation of property, plant and equipment	99	183	55	912	1,249
Interest income from subcontractors	—	(802)	(894)	—	(1,696)
Other interest income	(7,705)	—	—	—	(7,705)
Amounts regularly provided to the chief executive officer, being chief operating decision maker but not included in the measure of segment profit or segment assets:					
Interest in an associate	—	—	—	196	196
Share of loss of an associate	—	—	—	231	231
Gain on disposal of a subsidiary	—	—	—	(459)	(459)
Gain on disposal of property, plant and equipment	—	—	—	(1,744)	(1,744)
Bank interest income	—	—	—	(568)	(568)
Finance costs	—	—	—	1,513	1,513
Taxation	—	—	—	8,347	8,347

7. Segment Information (Continued)

Geographical information

The Group's operations are located in Hong Kong, Macau and Singapore.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about its non-current assets is presented based on the geographical location of the assets.

Revenue from external customers

	2013 HK$'000	2012 HK$'000
Hong Kong (country of domicile)	687,189	496,998
Macau	641	19,080
Singapore	277,556	145,625
	965,386	661,703

Non-current assets

	2013 HK$'000	2012 HK$'000
Hong Kong (country of domicile)	8,608	9,093
Singapore	16,053	4,945
	24,661	14,038

Non-current assets excluded available-for-sale investments.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2013 HK$'000	2012 HK$'000
Customer A[1]	274,651	353,912
Customer B[2]	252,833	N/A[4]
Customer C[3]	106,636	N/A[4]

1 Revenue from building construction, property maintenance and alterations, renovation, upgrading and fitting-out works.

2 Revenue from building construction.

3 Revenue from alterations, renovation, upgrading and fitting-out works.

4 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

8. Other Income

	2013 HK$'000	2012 HK$'000
Bank interest income	668	568
Gain on disposal of property, plant and equipment	—	1,744
Government grant (Note a)	250	—
Gross rental income	—	112
Interest income from sub-contractors	1,427	1,696
Investment income	15	15
Other interest income (Note b)	—	7,705
Recovery of insurance expenses	—	1,021
Sale of scrap materials	359	1,736
Written back of retention money payables	—	718
Other income	1,064	1,173
	3,783	16,488

Notes:

(a) During the year ended 31 March 2013, an one-off government grant of SGD40,000 (equivalent to approximately HK$250,000) was granted to the Group from Singapore Building and Construction Authority for the Group's improvement of construction site productivity. All conditions in respect of the grant had been fulfilled and such government grant was recognised in other income for the year.

(b) During the year ended 31 March 2012, interest income of approximately HK$7,705,000 (2013: nil) represented revenues yielded by a recovery proceeding of the Group which was made against the other party for determination of their dispute in respect of the final contract amount of a construction project which the Group was engaged as the main contractor.

9. Finance Costs

	2013 HK$'000	2012 HK$'000
Interest on secured bank borrowings wholly repayable within five years	1,572	1,513

10. Taxation

	2013 HK$'000	2012 HK$'000
Current year taxation		
Hong Kong Profits Tax	**3,812**	3,891
Singapore Corporate Tax	**—**	4,448
Underprovision in prior years		
Hong Kong Profits Tax	**866**	—
	4,678	8,339
Deferred taxation (Note 26)	**7**	8
	4,685	8,347

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for both years.

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

Singapore Corporate Tax has been provided at the rate of 17% on the estimated assessable profit for the year ended 31 March 2012. No provision for Singapore Corporate Tax for the year ended 31 March 2013 has been made as the subsidiaries operating in Singapore do not generate any assessable profits in Singapore.

Macau Complementary Income Tax ("MCIT") is charged at the progressive rate on the estimated assessable profits. No provision for MCIT for the year ended 31 March 2013 has been made as the subsidiary operating in Macau does not generate any assessable profits in Macau. No MCIT has been provided for the year ended 31 March 2012 since the assessable profits is wholly absorbed by tax losses brought forward.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2013 HK$'000	2012 HK$'000
Profit before taxation	**30,558**	41,311
Tax expense at rates applicable to profits in the respective tax jurisdiction concerned	**4,858**	8,595
Tax effect of share of results of an associate	**(1,269)**	39
Tax effect of income not taxable for tax purposes	**(17)**	(381)
Tax effect of expenses not deductible for tax purposes	**109**	105
Tax effect of tax losses not recognised	**145**	—
Utilisation of tax losses previously not recognised	**(7)**	(11)
Underprovision in prior years	**866**	—
Tax charge for the year	**4,685**	8,347

11. Directors' and Chief Executive's Remuneration and Individuals with Highest Emoluments

(a) Directors' and chief executive's remuneration

The remuneration paid or payable to each of the directors and chief executive of the Company for the year ended 31 March 2013 is set out below:

Name of director	Notes	Fee HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Cost related to long service payment obligations HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors							
Wang Zhijun	(i)	—	—	—	—	—	—
Hu Baoyue	(i)	—	—	—	—	—	—
Wong Law Fai *(chief executive)*	(ii) (iii)	—	1,103	206	(5)	14	1,318
So Kwok Lam	(ii)	—	1,103	200	—	14	1,317
Yip Chi Chong	(ii)	—	1,012	177	—	—	1,189
Independent non-executive directors							
Ren Yunan	(iv)	—	—	—	—	—	—
Chiu Sai Chuen Nicholas	(iv)	—	—	—	—	—	—
Lam Siu Lo, Andrew, *JP*	(ii)	120	—	—	—	—	120
Tam Tak Kei, Raymond		120	—	—	—	—	120
Li Ying Ming	(ii)	120	—	—	—	—	120
		360	3,218	583	(5)	28	4,184

Notes:

(i) Appointed on 2 May 2013.

(ii) Resigned on 28 May 2013.

(iii) Mr. Wong Law Fai is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(iv) Appointed on 28 May 2013.

11. Directors' and Chief Executive's Remuneration and Individuals with Highest Emoluments (Continued)

(a) Directors' and chief executive's remuneration (Continued)

The remuneration paid or payable to each of the directors and chief executive of the Company for the year ended 31 March 2012 is set out below:

Name of director	Notes	Fee HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Cost related to long service payment obligations HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors							
Wong Law Fai *(chief executive)*	(i) (ii)	—	1,111	165	13	12	1,301
So Kwok Lam	(i)	—	1,035	160	—	12	1,207
Yip Chi Chong	(i)	—	949	142	(99)	—	992
Independent non-executive directors							
Lam Siu Lo, Andrew, *JP*	(i)	34	—	—	—	—	34
Tam Tak Kei, Raymond	(i)	34	—	—	—	—	34
Li Ying Ming	(i)	34	—	—	—	—	34
		102	3,095	467	(86)	24	3,602

Notes:

(i) Appointed on 19 December 2011.

(ii) Mr. Wong Law Fai is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

The discretionary bonus is determined by reference to the Group's operating results and the individual performance of the directors.

11. Directors' and Chief Executive's Remuneration and Individuals with Highest Emoluments (Continued)

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, two (2012: two) were directors of the Company whose emoluments are included in the disclosures in Note 11(a) above. The emoluments of the remaining three (2012: three) individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and other benefits	**3,703**	3,543
Discretionary bonus	**225**	279
Contributions to retirement benefits scheme	**76**	72
	4,004	3,894

Their emoluments were within the following bands:

	2013	2012
HK$1,000,001 to HK$1,500,000	**2**	3
HK$1,500,001 to HK$2,000,000	**1**	—

During the years ended 31 March 2013 and 2012, no emoluments were paid by the Group to any directors of the Company or the five highest paid individuals (including directors of the Company and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any emolument during the years ended 31 March 2013 and 2012.

12. Profit for the Year

	2013 HK$'000	2012 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs		
— salaries, discretionary bonus, allowances and other benefits	**83,192**	70,190
— cost related to long service payment obligations	**45**	545
— contributions to retirement benefits scheme	**3,246**	2,347
Total staff costs (excluding directors' remuneration)	**86,483**	73,082
Auditor's remuneration	**1,043**	990
Directors' remuneration (Note 11)	**4,184**	3,602
Depreciation of property, plant and equipment	**3,004**	1,249
Loss on disposal of property, plant and equipment	**40**	—
Minimum lease payment under operating leases in respect of land and buildings	**1,831**	1,416
Share of taxation of an associate (included in share of results of an associate)	**957**	—
Exchange difference, net	**499**	11

13. Earnings per Share

The calculation of basic earnings per share attributable to owners of the Company is based on the following:

	2013 HK$'000	2012 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**25,873**	32,964

	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**300,000**	259,311

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the years ended 31 March 2013 and 2012.

The weighted average number of ordinary share in issue during the year ended 31 March 2012 represents 249,000,000 ordinary shares (Notes 27(a), (b) and (c)) in issue before the Listing as if such shares were issued on 1 April 2011, and the weighted average of 51,000,000 ordinary shares (Note 27(d)) issued upon the Listing.

14. Dividend

	2013 HK$'000	2012 HK$'000
Dividends recognised as distribution and paid during the year:		
2012 final dividend HK3 cents (2012: nil) per share	**9,000**	—

The directors of the Company do not recommend the payment of a final dividend in respect of the year ended 31 March 2013 (2012: final dividend of HK3 cents per share in respect of the year ended 31 March 2012).

15. Property, Plant and Equipment

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixture and equipment HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2011	11,672	770	2,393	1,685	2,979	19,499
Additions	—	798	3,035	273	—	4,106
Disposals (Note)	(2,672)	—	—	—	—	(2,672)
Written off	—	—	(660)	(926)	—	(1,586)
Exchange realignment	—	(4)	(14)	—	—	(18)
At 31 March 2012 and 1 April 2012	9,000	1,564	4,754	1,032	2,979	19,329
Additions	—	41	5,778	299	—	6,118
Disposals	—	—	(40)	—	(97)	(137)
Exchange realignment	—	11	38	—	41	90
At 31 March 2013	9,000	1,616	10,530	1,331	2,923	25,400
ACCUMULATED DEPRECIATION						
At 1 April 2011	936	693	1,720	1,607	1,088	6,044
Charge for the year	180	59	335	135	540	1,249
Eliminated on disposals (Note)	(216)	—	—	—	—	(216)
Eliminated on written off	—	—	(660)	(926)	—	(1,586)
Exchange realignment	—	—	(4)	—	—	(4)
At 31 March 2012 and 1 April 2012	900	752	1,391	816	1,628	5,487
Charge for the year	180	318	1,758	226	522	3,004
Eliminated on disposals	—	—	(9)	—	(68)	(77)
Exchange realignment	—	1	15	—	4	20
At 31 March 2013	1,080	1,071	3,155	1,042	2,086	8,434
CARRYING VALUES						
At 31 March 2013	7,920	545	7,375	289	837	16,966
At 31 March 2012	8,100	812	3,363	216	1,351	13,842

15. Property, Plant and Equipment (Continued)

Note:

On 1 June 2011, the Group entered into an assignment of sale and purchase with a key management personnel and his spouse, pursuant to which the Group agreed to sell and the key management personnel and his spouse agreed to purchase the Group's land and buildings at cash consideration of HK$4,200,000 which was determined with reference to market value. On the date of disposal, the carrying value of the land and buildings amounted to approximately HK$2,456,000.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as below:

Land and buildings	Over the shorter of the unexpired lease term and 50 years
Leasehold improvements	Over the shorter of the unexpired lease term and 3 to 4 years
Furniture, fixture and equipment	5 years
Computers	3 years
Motor vehicles	5 years

At 31 March 2013, the land and buildings with carrying value of HK$7,920,000 (2012: HK$8,100,000) located in Hong Kong under long-term lease were pledged to secure banking facilities granted to the Group.

16. Interest in an Associate

	2013 HK$'000	2012 HK$'000
Unlisted investment, at cost	1,087	1,087
Share of post-acquisition results	6,470	(992)
Exchange realignment	138	101
	7,695	196

At the end of the reporting period, the Group had interests in the following associate:

Name	Form of entity	Place of incorporation and operation	Class of shares held	Proportion of nominal value of issued capital held by the Group and portion of voting power held indirectly 2013	2012	Principal activity
Castilia Development Pte. Ltd.	Private limited liability company	Singapore	Ordinary	20%	20%	Investment holding, property and real estate development

Included in the cost of investment in an associate at 31 March 2013 and 2012 is goodwill of approximately HK$426,000 arising on acquisition of an associate in March 2010.

16. Interest in an Associate (Continued)

The summarised unaudited financial information in respect of the Group's associate is set out below:

	2013 HK$'000	2012 HK$'000
Total assets	44,900	136,862
Total liabilities	(8,913)	(138,185)
Net assets (liabilities)	35,987	(1,323)
Group's share of net assets (liabilities) of an associate	7,197	(265)
Total turnover	164,684	—
Total profit (loss) and total comprehensive income (expense) for the year	37,310	(1,152)
Group's share of profit (loss) and total comprehensive income (expense) of an associate for the year	7,462	(231)

17. Interest in a Jointly Controlled Entity

	2013		2012	
	Amount SGD	Amount as presented HK$'000	Amount SGD	Amount as presented HK$'000
Cost of unlisted investments	1	—	—	—

17. Interest in a Jointly Controlled Entity (Continued)

At the end of the reporting period, the Group had interest in the following jointly controlled entity:

Name	Form of entity	Place of incorporation and operation	Class of shares held	Proportion of nominal value of issued capital held by the Group and portion of voting power held indirectly 2013	2012	Principal activity
Keat Seng — Vision Foundation JV Pte. Ltd.	Private limited liability company	Singapore	Ordinary	50%	—	Provision of foundation work services

The summarised unaudited financial information in respect of the Group's interest in the jointly controlled entity which is accounted for using the equity method is set out below:

	2013 HK$'000
Current assets	1,255
Current liabilities	(1,268)
Income recognised in profit or loss	—
Expenses recognised in profit or loss	(12)

The Group has discontinued recognition of its share of loss of a jointly controlled entity. The amounts of unrecognised share of loss of this jointly controlled entity, both for the year and cumulatively, are as follows:

	2013 HK$'000
Unrecognised share of loss of a jointly controlled entity for the year	(6)
Accumulated unrecognised share of loss of a jointly controlled entity	(6)

18. Available-for-sale Investments

	2013 HK$'000	2012 HK$'000
Listed outside Hong Kong at fair value:		
— equity securities	**14,545**	12,697
— debt securities with fixed interest rate of 4.7% per annum	**338**	333
	14,883	13,030

The fair values of the above listed securities are determined based on the quoted market bid prices available on the relevant stock exchange.

19. Amounts Due from (to) Customers for Contract Work

	2013 HK$'000	2012 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**740,973**	709,502
Less: progress billings	**(697,597)**	(673,257)
	43,376	36,245
Analysed for reporting purposes as:		
Amounts due from customers for contract work (Note)	**48,304**	36,245
Amounts due to customers for contract work	**(4,928)**	—
	43,376	36,245

Note: At 31 March 2012, included in the amounts due from customers for contract work was amount of approximately HK$38,000 (2013: nil) due from an associate.

20. Trade and Other Receivables

The following is an analysis of trade and other receivables at the end of the reporting period:

	2013 HK$'000	2012 HK$'000
Trade receivables		
— from third parties	115,931	76,513
— from an associate	—	6,886
	115,931	83,399
Unbilled revenue	31,966	40,526
Retention money receivables (Note a)	42,867	25,506
Advances, utility deposits and other receivables (Note b)	49,351	59,400
Trade and other receivables	240,115	208,831

The Group does not hold any collateral over these balances.

Notes:

(a) As at 31 March 2013, retention money of approximately HK$25,739,000 (2012: HK$14,197,000) was expected to be recovered or settled in more than twelve months from the end of the reporting period.

As at 31 March 2013, included in the retention money receivables was amount of approximately HK$999,000 (2012: HK$1,973,000) due from an associate.

(b) During the year ended 31 March 2013, other receivables of approximately HK$250,000 was offset against an amount due to a director of the Company, pursuant to an agreement entered into between the debtor, director and one of the subsidiaries of the Group on 31 March 2013.

As at 31 March 2013, included in other receivables were advances to sub-contractors of approximately HK$19,886,000 (2012: HK$20,749,000). The amounts were repayable on demand and interest bearing at rates ranging from 7% to 9% (2012: 7% to 9%) per annum for the year ended 31 March 2013.

As at 31 March 2013, included in other receivables were amounts of approximately HK$9,721,000 (2012: HK$9,428,000) pledged to secure banking facilities granted to the Group and approximately HK$5,960,000 (2012: HK$7,268,000) pledged for guarantees in respect of performance bonds in favour of the Group's clients.

As at 31 March 2013, included in other receivables was a loan to an officer of approximately HK$375,000 (2012: nil). The maximum amount outstanding during the year ended 31 March 2013 was approximately HK$375,000 (2012: nil). The amount was interest-free, repayable by 10 January 2014 and secured by a personal guarantee provided by a director of a subsidiary.

20. Trade and Other Receivables (Continued)

Notes: (Continued)

(c) The movements in the impairment loss of trade and other receivables were as follows:

	2013 HK$'000	2012 HK$'000
At 1 April	–	3,837
Amounts written off as uncollectible	–	(3,837)
At 31 March	–	—

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aged analysis of trade receivables, presented based on the invoice date at the end of the reporting period.

	2013 HK$'000	2012 HK$'000
Within 30 days	114,939	82,806
More than 30 days but within 90 days	437	—
More than 90 days	555	593
	115,931	83,399

As at 31 March 2013, included in the Group's trade receivable balances were debtors with aggregate carrying amount of approximately HK$992,000 (2012: HK$593,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss.

Ageing of trade receivables which are past due but not impaired:

	2013 HK$'000	2012 HK$'000
Within 30 days	437	—
More than 30 days and within 90 days	555	223
More than 90 days	–	370
	992	593

The directors of the Company consider that there has not been a significant change in credit quality of the trade receivables and there is no recent history of default, therefore the amounts are considered recoverable.

21. Amount Due from (to) an Associate/a Jointly Controlled Entity

Amount due from (to) an associate or a jointly controlled entity is unsecured, interest-free and repayable on demand.

22. Pledged Bank Deposits/Bank Balances and Cash

Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. All bank deposits have been pledged to secure short-term bank borrowings and are therefore classified as current assets. The pledged deposits carried interest at fixed rates ranging from 0.13% to 1.10% (2012: 0.30% to 0.60%) per annum as at 31 March 2013.

Included in pledged bank deposits are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2013 HK$'000	2012 HK$'000
United States dollars ("USD")	**6,479**	6,479

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with maturity within three months from initial inception. Bank balances carried interest at market rates ranging from 0.001% to 0.49% (2012: 0.001% to 0.69%) per annum as at 31 March 2013.

Included in bank balances and cash are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2013 HK$'000	2012 HK$'000
USD	**130**	130
SGD	**78**	12,407

23. Trade and Other Payables

The following is an analysis of trade and other payables at the end of the reporting period:

	2013 HK$'000	2012 HK$'000
Trade payables	**111,475**	100,645
Retention money payables	**42,845**	24,645
Accrued expenses and other payables	**13,556**	12,242
	167,876	137,532

As at 31 March 2013, retention money of approximately HK$26,540,000 (2012: HK$18,755,000) was expected to be paid or settled in more than twelve months from the end of the reporting period.

As at 31 March 2012, included in accrued expenses and other payables was amount of approximately HK$102,000 (2013: nil) representing accrued directors' remunerations.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013 HK$'000	2012 HK$'000
Within 30 days	**109,112**	98,931
More than 30 days and within 90 days	**1,148**	1,610
More than 90 days	**1,215**	104
	111,475	100,645

The average credit period on trade payables is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame.

24. Secured Bank Borrowings

	2013 HK$'000	2012 HK$'000
Repayable within one year (Note)		
Bank loans	**48,500**	50,500
Trust receipt loans	**—**	16,099
	48,500	66,599

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements.

24. Secured Bank Borrowings (Continued)

As at 31 March 2013, secured bank borrowings bore floating interest rates from 2.20% to 3.21% (2012: 2.30% to 3.85%) per annum. The weighted average interest rate for the year ended 31 March 2013 was 2.51% (2012: 2.59%) per annum.

The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	2013 HK$'000	2012 HK$'000
Facility amount	**259,434**	195,989
Utilisations at 31 March		
— Secured bank borrowings	**48,500**	66,599
— Performance bonds	**37,237**	23,522
	85,737	90,121

As at 31 March 2013 and 2012, banking facilities were secured by:

- certain assets of the Group as set out in Note 33; and
- personal guarantee of approximately HK$46,931,000 (2012: HK$52,487,000) provided by a subsidiary's director.

In addition, at 31 March 2012, banking facilities of approximately HK$143,500,000 were guaranteed by the Company's director, Mr. Wong Law Fai. During the year ended 31 March 2013, the personal guarantee has been released.

25. Long Service Payment Obligations

Movement in the long service payment obligations is as follows:

	2013 HK$'000	2012 HK$'000
At 1 April	**1,272**	813
Charged to profit or loss	**40**	459
Payments made during the year	**(254)**	—
Actuarial gains recognised in other comprehensive income	**(230)**	—
At 31 March	**828**	1,272

25. Long Service Payment Obligations (Continued)

The Group makes provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance, as further explained in note 3. Pursuant to Chapter 10 of the Hong Kong Employment Ordinance, the long service payment is to be offset with the accrued benefits derived from the Group's contributions made to MPF Scheme for the employees and subject to a cap of HK$390,000 per employee. The provision represents the management's best estimate of the Group's liability at the end of the reporting period. As at 31 March 2013 and 2012, the amount is calculated based on the principal assumptions stated as below:

	2013	2012
Salary inflation rate	**6%**	6%
MPF return rate	**4.5%**	4.5%
Discount rate	**0.8%**	0.9%

26. Deferred Tax Liability

The following is the major deferred tax liability recognised by the Group and movements thereon during the years ended 31 March 2013 and 2012:

	Accelerated tax depreciation HK$'000
At 1 April 2011	406
Charged to profit or loss	8
At 31 March 2012 and 1 April 2012	414
Charged to profit or loss	7
At 31 March 2013	421

At 31 March 2013, the Group has unused tax losses of approximately HK$2,525,000 (2012: HK$1,712,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. At 31 March 2013, approximately HK$2,525,000 (2012: HK$1,313,000) included in the unrecognised tax losses will expire from 2014 to 2016 (2012: 2013 to 2014). Other losses may be carried forward indefinitely.

27. Share Capital

As the Company was not incorporated prior to 31 May 2011 and the Reorganisation was not completed as at 1 April 2011, the share capital of the Group in the consolidated statements of financial position as at 1 April 2011 represented the share capital of Wan Chung Construction of HK$22,000,000.

Movements of the authorised and issued share capital of the Company for the period from 31 May 2011 (date of incorporation of the Company) to 31 March 2013 are as follows:

	Notes	**Number of ordinary shares**	**Nominal value of ordinary shares** HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 31 May 2011 (date of incorporation)	(a)	38,000,000	380
Increase in the year	(c)	1,962,000,000	19,620
At 31 March 2012 and 2013		2,000,000,000	20,000
Issued and fully paid:			
At 31 May 2011 (date of incorporation)	(a)	1	—
Shares issued on Reorganisation	(b)	9,999	—
Shares issued by capitalisation	(c)	248,990,000	2,490
Shares issued under global offering	(d)	51,000,000	510
At 31 March 2012 and 2013		300,000,000	3,000

27. Share Capital (Continued)

Notes:

(a) Upon incorporation, the authorised share capital of the Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. One share was allotted and issued nil paid to the subscriber on 31 May 2011, which was then transferred to Smart Tactics Group Limited ("Smart Tactics") on the same date.

(b) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Prosper Ace Investments Limited ("Prosper Ace") from Smart Tactics, on 16 December 2011, (i) the one nil paid share then held by Smart Tactics was credited as fully paid at par, and (ii) 9,999 shares, credited as fully paid at par, were allotted and issued to Smart Tactics. The acquisition of the issued share capital of Prosper Ace was accounted for by the Group using merger method and approximately HK$22,000,000 was recognised in other reserve.

(c) Pursuant to the written resolutions passed by the then sole shareholder of the Company on 19 December 2011, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of an additional of 1,962,000,000 ordinary shares of HK$0.01 each.

Subject to the share premium account of the Company being credited as a result of the global offering of 51,000,000 ordinary shares on 17 January 2012, the directors of the Company were authorised to capitalise approximately HK$2,490,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par allot and issue a total of 248,990,000 ordinary shares for the allotment and issue to the shareholders of the Company on the register of the members of the Company at the close of business on 16 December 2011 in proportion to their then respective existing shareholdings in the Company and the directors of the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation.

(d) On 17 January 2012, 51,000,000 ordinary shares of HK$0.01 each were issued to the public at a price of HK$1.20 per share for cash totalling approximately HK$61,200,000 by way of global offering. The excess of the issue price over the par value of the shares, net of share issued expenses of approximately HK$4,878,000, were credited to the share premium account of the Company.

(e) On 13 March 2013, all the shares held by Smart Tactics were transferred to Grand Silver and Grand Silver became the ultimate holding company of the Company.

All shares issued rank *pari passu* in all respects with all shares then in issue.

28. Financial Instruments

Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Loans and receivables (including pledged bank deposits, bank balances and cash)	**307,337**	296,152
Available-for-sale investments	**14,883**	13,030
Other financial liabilities		
At amortised cost	**217,174**	203,308

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amounts due from an associate and a jointly controlled entity, pledged bank deposits, bank balances and cash, trade and other payables, amount due to an associate, and secured bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has certain portion of pledged bank deposits, bank balances and cash denominated in currencies other than the functional currency of the entity to which they relate.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2012: 5%) increase and decrease in HK$ against the relevant foreign currencies. A 5% (2012: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2012: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where HK$ strengthen 5% (2012: 5%) against the relevant currency. For a 5% (2012: 5%) weakening of HK$ against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2013 HK$'000	2012 HK$'000
USD	**276**	330
SGD	**3**	620
	279	950

28. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances, and secured bank borrowings, and is also exposed to fair value interest rate risk in relation to fixed-rate available-for-sale investment in debt securities, pledged bank deposits and advances to sub-contractors. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The directors of the Company consider that the fair value interest rate risk is insignificant due to its immediate or short-term maturities. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate arising from the Group's HK$ denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. During the year ended 31 March 2013, a 100 (2012: 100) basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2012: 100) basis points higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK$288,000 (2012: HK$270,000) for the year ended 31 March 2013. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and secured bank borrowings.

Other price risk

The Group is exposed to price risk through its investments in listed securities during the years ended 31 March 2013 and 2012. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risk at the end of the reporting date.

If the prices of the respective securities had been 5% (2012: 5%) higher/lower, available-for-sale investments revaluation reserve would increase/decrease by approximately HK$744,000 (2012: HK$652,000) for the Group as a result of the changes in fair value of available-for-sale investments for the year ended 31 March 2013.

28. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2013 and 2012 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Management considers the credit risk attributable to the amounts due from related parties to be insignificant as majority of the receivables are due from group companies with a good creditworthiness.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 73% (2012: 81%) of the total trade receivable as at 31 March 2013.

As at 31 March 2013, the Group has concentration of credit risk as 26% (2012: 51%) of the total trade receivables was due from the Group's largest customer while 85% (2012: 81%) of the total trade receivables was due from the Group's five largest customers within building construction, property maintenance and alterations, renovation, upgrading and fitting-out works segments.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and other source of fundings and considers the risk is minimal.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

28. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table	On demand or within 1 year HK$'000	1–5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2013				
Trade and other payables	**137,128**	**26,540**	**163,668**	**163,668**
Amount due to an associate	**5,006**	**—**	**5,006**	**5,006**
Secured bank borrowings	**48,605**	**—**	**48,605**	**48,500**
Financial guarantee contract	**129,506**	**—**	**129,506**	**—**
	320,245	**26,540**	**346,785**	**217,174**
At 31 March 2012				
Trade and other payables	117,954	18,755	136,709	136,709
Secured bank borrowings	66,819	—	66,819	66,599
Financial guarantee contract	97,586	—	97,586	—
	282,359	18,755	301,114	203,308

The amounts included above for variable interest rate instruments for non-derivative financial liabilities was subject to change if changes in variable interest rates differed to those estimates of interest rates determined at the end of the reporting period.

The amount included above for financial guarantee contract is the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

28. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Fair value (Continued)

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values due to their immediate or short-term maturities.

Fair value measurements recognised in the consolidated statement of financial position

The financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 March 2013, the fair value of available-for-sale investments amounted to approximately HK$14,883,000 (2012: HK$13,030,000) is derived from unadjusted quoted prices in active market for identical assets and hence, its fair value measurement is grouped into Level 1.

29. Retirement Benefits Plans

The Group operates MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% (2012: 5%) of relevant payroll costs to the MPF Scheme, which contribution is matched by employees and subject to a cap of HK$1,250 (HK$1,000 prior to June 2012) per employee.

Under the laws of Singapore, certain subsidiaries of the Company make contributions to the state pension scheme, the Central Provident Fund ("CPF"). The subsidiaries of the Company in Singapore are required to contribute certain percentages varies from 5% to 20% (2012: 5% to 20%) of the monthly salaries of their current employees to the CPF.

Employees employed by the Group's operations in Macau Special Administration Region ("MSAR") are members of government-managed retirement benefits schemes operated by the MSAR government. The MSAR operations are required to pay a monthly fixed contribution to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the MSAR government is to make the required contributions under the schemes.

During the year ended 31 March 2013, the total expenses recognised in the consolidated statement of comprehensive income are approximately HK$3,274,000 (2012: HK$2,371,000), which represent contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

30. Disposal of a Subsidiary

On 3 June 2011, Wan Chung Construction (Singapore) Pte. Ltd. ("Wan Chung (Singapore)") disposed of its entire equity interest in Wan Chung Investments Pte. Ltd. ("Wan Chung Investments") for a consideration of SGD2 or equivalent to HK$12 to Mr. Eng Boon Seng and Ms. Eng Mew Yong ("Purchasers"). Ms. Eng Mew Yong is the spouse of Mr. Chng Kang Hai, a director of Wan Chung (Singapore).

On the same date, Wan Chung (Singapore) entered into a deed of assignment with the Purchasers pursuant to which Wan Chung (Singapore) assigned to the Purchasers a shareholder's loan ("Shareholder's Loan") to Wan Chung Investments in the sum of approximately SGD3,084,000 or equivalent to approximately HK$19,400,000, upon completion of the disposal of Wan Chung Investments. The Shareholder's Loan was settled on 6 June 2011.

Analysis of asset and liabilities over which control was lost:

	HK$'000
Investment property	18,870
Bank balances and cash	176
Trade and other payables	(144)
Shareholder's Loan	(19,400)
Net liabilities disposed of	(498)
Cumulative exchange difference in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	39
Gain on disposal of a subsidiary	(459)

Net cash outflow arising on disposal of a subsidiary:

	HK$'000
Cash consideration received	—
Less: bank balances and cash disposed of	(176)
	(176)

Wan Chung Investments disposed of during the year ended 31 March 2012 had no material impact on the Group's result and cash flows.

31. Operating Lease Commitment

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments in respect of future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 HK$'000	2012 HK$'000
Within one year	474	778
In the second to fifth year inclusive	–	229
	474	1,007

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated and rentals are fixed for an average term of one to four years (2012: one to four years).

32. Contingent Liabilities

(a) Contingent liabilities in respect of legal claims

One subsidiary of the Group is defendant in a number of claims, lawsuits, arbitrations and potential claims relating to subcontracting fees, damages of personal injuries and breach of construction contracts. The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote and no provision for the contingent liabilities in respect of the litigation is necessary, after due consideration of each case and with reference to the legal opinion.

(b) Guarantees issued

At the end of the reporting period, the Group had provided the following guarantees:

	2013 HK$'000	2012 HK$'000
Guarantees in respect of performance bonds in favor of its clients	129,506	83,359
Guarantee given to a bank in respect of banking facilities granted to an associate	–	14,227
	129,506	97,586

At the end of the reporting period, the directors of the Company considered that the fair value of the financial guarantee is insignificant.

33. Pledge of Assets

(a) At the end of the reporting period, the Group had pledged the following assets to banks and an insurance company to secure the banking facilities and performance bonds granted to the Group:

	2013 HK$'000	2012 HK$'000
Property, plant and equipment	**7,920**	8,100
Other receivables	**15,681**	16,696
Bank deposits	**47,901**	43,197
	71,502	67,993

(b) The Group's benefits under certain construction contracts were pledged to banks to secure the facilities granted to the Group.

34. Share Option Scheme

Pursuant to the written resolution of the shareholders of the Company on 19 December 2011, the Company has adopted a Share Option Scheme (the "Scheme") to attract and retain the best available personnel, to provide additional incentive to eligible participants and to promote the success of the business of the Group.

Eligible participants of the Scheme include employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, and business partners or service providers of the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time from during a period as the directors of the Company may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the directors of the Company, and will not at least the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No share options are granted since the adoption of the Scheme and there are no outstanding share options as at 31 March 2013 (2012: nil).

35. Related Party Transactions

(a) Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2013 and 2012, the Group entered into transactions with related parties as follows:

	2013 HK$'000	2012 HK$'000
Disposal of an investment property to a related company — One Two Holdings Hong Kong Limited ("One Two Holdings")*	–	8,200
Disposal of an investment property to a key management personnel	–	4,200
Construction revenue received from an associate	3,033	32,299
Administrative income received from an associate	–	220
Rental income received from a key management personnel	–	26

* Mr. Wong Law Fai is the common director of the Company and One Two Holdings.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the years ended 31 March 2013 and 2012 is as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and other benefits	13,024	14,222
Discretionary bonus	696	1,237
Cost related to long service payment obligations	(5)	(25)
Contributions to retirement benefits scheme	282	315
	13,997	15,749

35. Related Party Transactions (Continued)

(c) Under a deed of indemnity dated 19 December 2011, the then controlling shareholders, who ceased as shareholders on 13 March 2013, had undertaken to provide indemnities on a joint and several basis in respect of, among other matters, 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 any litigation, arbitration and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature against any member of the Group which was issued and/or accrued and/or arising from any act, non-performance, omission or otherwise of any member of the Group on or before the listing date.

(d) During the year ended 31 March 2013, the Group received an additional tax assessment on the Hong Kong Profits Tax in respect of the year of assessment of 2007/08 from the Hong Kong Inland Revenue Department for a total sum of approximately HK$866,000. Pursuant to the deed of indemnity dated 19 December 2011, the tax liabilities were recovered from the then controlling shareholders of the Company before they ceased to be the shareholders of the Company on 13 March 2013.

36. Statement of Financial Position of the Company

	Notes	2013 HK$'000	2012 HK$'000
Non-current asset			
Unlisted investment in a subsidiary		**119,427**	119,427
Current assets			
Amount due from a subsidiary	(a)	**28,116**	29,223
Prepayment		**109**	500
Bank balances and cash		**494**	11,006
		28,719	40,729
Current liabilities			
Amount due to a subsidiary	(a)	**830**	830
Accrued expenses		**403**	475
		1,233	1,305
Net current assets		**27,486**	39,424
Total assets less current liabilities		**146,913**	158,851
Capital and reserves			
Share capital		**3,000**	3,000
Reserves	(b)	**143,913**	155,851
Total equity		**146,913**	158,851

36. Statement of Financial Position of the Company (Continued)

Notes:

(a) Amount due from (to) a subsidiary was unsecured, non-interest bearing and repayable on demand.

(b) Reserves

	Share premium (Note i) HK$'000	Other reserve (Note ii) HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 May 2011 (date of incorporation)	—	—	—	—
Shares issued under global offering	60,690	—	—	60,690
Shares issued by capitalisation	(2,490)	—	—	(2,490)
Share issued expenses	(4,878)	—	—	(4,878)
Acquisition of a subsidiary	—	119,427	—	119,427
Loss and total comprehensive expense for the period	—	—	(16,898)	(16,898)
At 31 March 2012 and 1 April 2012	53,322	119,427	(16,898)	155,851
Loss and total comprehensive expense for the year	—	—	(2,938)	(2,938)
Dividend declared and paid (Note 14)	(9,000)	—	—	(9,000)
At 31 March 2013	44,322	119,427	(19,836)	143,913

Notes:

i. Under the Companies Law, Cap. 22 (Law 6 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

ii. The other reserve represents the difference between the nominal value of the shares issued for the acquisition of Prosper Ace and the consolidated net asset value of Prosper Ace and its subsidiaries at the date of acquisition.

37. Particulars of Principal Subsidiaries of the Company

Details of the Company's subsidiaries as at 31 March 2013 and 2012 are as follow:

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company 2013	2012	Principal activities
Prosper Ace	BVI	Ordinary	US$10,000 (Note 1)	**100%**	100%	Investment holding
Wan Chung Construction	Hong Kong	Ordinary	HK$22,000,000	**100%**	100%	Provision of properties maintenance services, building construction works and alterations, renovation, upgrading and fitting-out works services
Wan Chung Engineering (Macau) Company Limited	Macau	Ordinary	MOP25,000	**100%**	100%	Provision of properties maintenance services, building construction works and alterations, renovation, upgrading and fitting-out works services
Wan Chung (Singapore)	Singapore	Ordinary	SGD6,700,000	**100%**	100%	Provision of properties maintenance services, building construction works and alterations, renovation, upgrading and fitting-out works services
Vision Foundation Pte Ltd. ("Vision Foundation")	Singapore	Ordinary	SGD500,000	**100%** (Note 2)	N/A	Provision of foundation and building construction works
Wan Chung Property	Hong Kong	Ordinary	HK$10,000	**100%**	100%	Property holding

Notes:

(1) The issued and fully paid share capital of Prosper Ace was increased from US$1 to US$10,000 on 16 December 2011.

(2) Vision Foundation was incorporated on 8 November 2012.

(3) Other than Prosper Ace, all subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any debt securities issued subsisting at the end of both years or any time during both years.

Five Years Financial Summary

Consolidated Results

For the year ended 31 March

	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013 HK$'000**
Turnover	459,455	636,651	734,719	661,703	**965,386**
Profit before taxation	2,599	51,033	67,150	41,311	**30,558**
Taxation	(409)	(8,159)	(12,404)	(8,347)	**(4,685)**
Profit attributable to the owners of the Company	2,190	42,874	54,746	32,964	**25,873**

Consolidated Assets and Liabilities

As at 31 March

	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013 HK$'000**
Total assets	320,878	421,189	394,831	389,489	**426,624**
Total liabilities	234,394	291,029	307,055	212,020	**228,458**
Total equity	86,484	130,160	87,776	177,469	**198,166**

The above financial summary is extracted from the audited consolidated financial statements of the Group.

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